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Quarterly Regulatory Update

Materials January 1, 2026, through March 31, 2026

Presented by: Melissa Blaser

ProSight Compliance Peer Discussions

About

- Follow-up to our Quarterly Regulatory Updates (QRU) webinars
- Open forum for Compliance Professionals led by ProSight's in-house compliance experts
- In each session you can:
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  - Exchange ideas and insights with peers
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  - And more!

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Agenda to follow

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Wipfli Articles

- [Is-your-institution-ready-for-coppas-2026-changes-to-better-protect-childrens-online-privacy]
- [Easing CTR-filing burdens with CTR exemptions]
- [HMDA submission 2026: Are you getting it right?]
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Wipfli Articles

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- NCUA 2026 supervisory priorities: How credit unions can prepare
- Audit risk management: Be proactive, not reactive
- Enterprise risk management strategy: From defense to offense
- FinCen's Minnesota GTO: What do banks and credit unions need to know?
- Disparate impact enforcement rollback creates new compliance challenges for lenders
- Streamlining BOI verification with FinCEN exceptive relief
- P2P payments in 2026: Trends, risks and compliance expectations

BSA

Delaying the Eff Date of the AML CFT Program and SAR Filing Registered Investment Advisers (01-02-26)

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- FinCEN is amending the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Program and Suspicious Activity Report (SAR) Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers (IA AML Rule) to delay the effective date by two years. As part of this delay, FinCEN is amending the date by which an investment adviser must develop and implement an AML/CFT program.
- In this final rule, FinCEN amends the effective date of the IA AML Rule to delay the obligations of covered investment advisers (covered IAs) under the IA AML Rule from January 1, 2026, to January 1, 2028.
- *Final rule.* FinCEN has carefully considered commenters' views and agrees that delaying the effective date of the IA AML Rule from January 1, 2026, to January 1, 2028, is appropriate. The two-year delay will provide additional time for FinCEN to review the IA AML Rule and, as applicable, ensure the IA AML Rule is effectively tailored to the diverse business models and risk profiles of types of firms within the investment adviser sector. Delaying the effective date will also provide investment advisers more time to come into compliance with the rule upon the revised effective date.

FinCen Alert on Fraud Rings Exploitation of Child Nutrition Program MN (01-09-26)

- The U.S. Department of the Treasury's (Treasury) Financial Crimes Enforcement Network (FinCEN) is issuing this Alert to urge financial institutions1 to identify and report fraud associated with Federal child nutrition programs, particularly past and ongoing suspicious activity potentially related to fraudsters in Minnesota. These fraud rings have defrauded the U.S. government of at least $300 million meant for children in need in Minnesota, using fraud proceeds for their own personal enrichment in the United States and abroad.
- On March 25, 2025, President Trump issued Executive Order (E.O.) 14249, Protecting America's Bank Account Against Fraud, Waste, and Abuse, declaring that it is the policy of the United States to defend against financial fraud and improper payments, which threaten the integrity of Federal programs and undermine trust in Government. Ongoing investigations into fraudsters in Minnesota by the U.S. Department of Justice (DOJ) have identified potentially billions of dollars stolen from the Federal child nutrition programs and other Federal and state government benefits programs, including Medicaid.

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- The U.S. Department of Agriculture (USDA) and its Food and Nutrition Service (FNS) administer child nutrition programs that serve billions of meals annually to help children in low-income families have access to nutritious food.
- For example, in the state of Minnesota, FNS allocates funds to the Minnesota Department of Education (MDE), which administers and oversees the Federal child nutrition programs in Minnesota. MDE contracts with organizations (referred to as “Sponsors”) including schools, child care centers, and non-profit organizations (NPOs), to facilitate the enrollment and monitoring of locations (referred to as “Sites”) that provide free meals to Minnesotan children in need. Sponsors also file claims with MDE on behalf of Sites to receive reimbursement of funds from the USDA for the Sponsors and Sites. Sponsors may also operate as Sites themselves.

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- During the COVID-19 pandemic, the USDA temporarily lifted certain enrollment requirements for Sites to participate in the Federal child nutrition programs—including by allowing participation by for-profit restaurants as well as by allowing the distribution of meals to children outside of educational programs.
- According to the DOJ, fraud rings based in Minnesota—such as the Sponsor Feeding Our Future and complicit Sites overseen by Feeding Our Future—exploited those changes and targeted the Federal child nutrition programs to defraud the U.S. government and steal Federal benefits meant for Minnesotan children.
- As part of the schemes, fraud rings served as Sponsors within the Federal child nutrition programs and recruited co-conspirators to fraudulently enroll recently established shell companies as Sites with MDE.
- Fraudulently enrolled shell companies often purported to be restaurants, food suppliers, and NPOs involved in social service programs for nutrition and education.

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- The Sponsors then submitted fraudulent documentation on behalf of the complicit Sites that falsely claimed the Sites were feeding thousands of children in Minnesota, which was beyond the capacity for these entities.
- In many cases, within days of enrolling with MDE, these fraudulent entities would purport to be serving tens of thousands of children in need across Minnesota—from Minneapolis to small rural areas—every day of the week, and often submitted fictitious names of participants to appear legitimate.
- Upon receiving fraudulent claims from the Sponsors, the MDE issued reimbursements to the Sponsors.

FinCen Alert on Fraud Rings Exploitation of Child Nutrition Program MN (01-09-26)

- Both the Sponsors and the complicit Sites used numerous methods to launder the fraudulent reimbursements through the U.S. and international financial system, including by:
  - Wire transfers through banks to U.S. and foreign located individuals and recently established shell companies under their control;
  - Wire transfers through banks to virtual asset service providers for the purchase of digital assets;
  - International wire transfers, allegedly for personal remittances, via money services businesses (MSBs); and
  - Purchases and redemptions of cashier’s checks.
- Purchases included residential and commercial real estate, luxury goods, high-value property (e.g., vehicles, planes), and expenses such as international flights to resorts—all at the cost of the U.S. taxpayer and the children of Minnesota.

FinCen Alert on Fraud Rings Exploitation of Child Nutrition Program MN (01-09-26)

- In conducting such a review, financial institutions may consider as one factor a customer's historical financial activity and whether the transactions are in line with prevailing business practices.

1. A customer is a company or NPO serving as a sponsor for a government benefit program that suddenly receives and disburses a significant number of reimbursements in a short timeframe inconsistent with the customer profile of other similar entities.
2. A customer is a recently established company or NPO enrolled in a government benefit program that is suddenly receiving a significant amount of Federal payments soon after starting its operations.
3. A customer is a recently established company or NPO enrolled in a government benefit program receiving payments to their accounts that are inconsistent with their customer profile.

FinCen Alert on Fraud Rings Exploitation of Child Nutrition Program MN (01-09-26)

4. A customer is a company or NPO enrolled in a government benefit program but is unable to verify its status to the financial institution or its customer profile is not commensurate with other similar entities.
5. A customer is a company or NPO enrolled in a government benefit program that is receiving a significant amount of reimbursements despite limited operations.
6. A customer is a recently established company or NPO enrolled in a government benefit program with a limited online presence.
7. A customer is a company or NPO enrolled in a government benefit program that has minimal to no operating costs other than payments for “consulting fees” and nondescriptive, repetitive invoices (i.e. food supplies).
8. A customer that is a company or NPO enrolled in a government benefit program makes a significant amount of cash withdrawals.

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9. A customer with previous fraud convictions is an employee of a company or NPO enrolled in a government benefit program.
10. A customer is an employee of a company or NPO enrolled in a government benefit program that is frequently purchasing or redeeming cashier's checks for no clear purpose.
11. A customer that is a company or NPO, enrolled in a government benefit program, or the customer's employee, engages in behavior suggesting efforts to evade the Currency Transaction Report (CTR) reporting requirement (e.g., alters or cancels a transaction when advised a CTR would be filed or engages in structuring with multiple cash transactions for under $10,000), as well as avoiding recordkeeping requirements.
12. A customer is a company or NPO enrolled in a government benefit program meant for U.S. citizens and lawful permanent residents that is sending a significant amount of wire transfers to individuals and companies located in foreign jurisdictions.

13. A customer is a company or NPO enrolled in a government benefit program that is sending payments abroad for residential and commercial real estate, vehicles, aircraft, airline tickets, and designer clothing.

- Financial institutions filing SARs on Minnesota fraud rings should reference this Alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term "**FIN-2026- MNFRAUD**" and select SAR field 34(z) (Fraud – Other) and include the term "**Federal Child Nutrition Programs**" in the text box. To support the identification and recovery of defrauded funds and investigations into the perpetrators of these schemes, financial institutions are strongly encouraged to file such SARs as soon as possible regardless of threshold.

Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota (01-13-26)

- FinCEN is issuing this Geographic Targeting Order, requiring banks and money transmitters located in the Counties of Hennepin and Ramsey, Minnesota to retain and report records of certain payments of $3,000 or more.
- This action is effective February 12, 2026.
- The maximum effective period for a GTO is 180 days unless renewed. The authority of the Secretary to issue a GTO has been delegated to the Director of FinCEN (Director).
- The Director finds that reasonable grounds exist for concluding that the additional recordkeeping and reporting requirements set forth in the GTO contained in this document (the "Order") are necessary to carry out the purposes of the BSA or to prevent evasions thereof. This action is being taken in furtherance of Treasury's efforts to combat international money laundering of the proceeds of government benefits fraud in Minnesota.

Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota (01-13-26)

1. For purposes of this Order, a "Covered Business" means any bank, as defined in 31 CFR 1010.100(d) (https://www.ecfr.gov/current/title-31/section-1010.1OO#p-1010.100(d)), or a money transmitter, as defined in 31 CFR 1010.100(ff)(5) (https://www.ecfr.gov/current/title-31/section-1010.1OO#p-1010.1 00(ff)(5)), with a branch, subsidiary, or office located in the Covered Geographic Area.
2. For purposes of this Order, a "Covered Transaction" means each funds transfer for which records are required to be retained under either 31 CFR 1020.410(a) (https://www.ecfr.gov/current/title-31/section-1020.41O#p-1020.410(a)) or 31 CFR 1010.410(e) (https://www.ecfr.gov/current/title-31/section-1010.41O#p-1010.410(e)), and for which a corresponding payment order or transmittal order is accepted by the Covered Business as an originator's bank or transmitter's financial institution:

a. Where the originator or transmitter provides an address in the Covered Geographic Area;

b. Where the originator or transmitter is not a company publicly traded on an exchange regulated by the Securities and Exchange Commission;
c. Where the originator or transmitter is not a financial institution subject to anti-money laundering program requirements under the BSA; and
d. Either the beneficiary or recipient is located outside of the United States or the financial institution used by the beneficiary or recipient to receive the funds is located outside of the United States.

3. For purposes of this Order, the "Covered Geographic Area" means Hennepin County and Ramsey County, Minnesota.
5. The Covered Business shall report Covered Transactions to FinCEN through the Financial Industry (FI) Portal, available at fincen.gov/resources/financial-institutions. Covered Businesses may access the FI Portal using their Login.gov account, and requesting "Financial Industry Access" at ois.fincen.gov/accessrequest. When submitting, select "Special Measures" as the file type and enter "FIN-62904-L4N7T." For any technical questions or issues regarding FinCEN's FI Portal, please visit fiportal.fincen.gov/contact-us or contact fincenappshd@fincen.gov (mailto:fincenappshd@fincen.gov).

Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota (01-13-26)

6. All submissions shall be saved as a Comma Separate Value (CSV) file prior to submission and adhere to the Minnesota Fraud GTO Submission Template, available at https://www.fincen.gov/system/files/2026-01/minnesota-fraud-gto-submission.csv (https://www.fincen.gov I system/files/2026-01 /minnesota-fraud-gto-submission. csv), for which additional information may be found in the Minnesota Fraud GTO Template Dictionary, available at https://www.fincen.gov/system/files/2026-01 /minnesota-fraud-gtotemplate- dictionary.pdf (https://www.fincen.gov/system/files/2026-01/minnesota-fraud-gtotemplate-dictionary.pdf). Data file names should use the format FilerName_ TransactionYearMonth_File#ofTotal#_MNGTO2026.csv.
7. If the Covered Business is a bank, the Covered Business shall report all information required to be retained under 31 CFR 1020.410(a)(1) (https://www.ecfr.gov/current/title-31/section-1020.41O#p-1020.410(a)(1)) and (2) (https://www.ecfr.gov/current/title31/section-1020.41O#p-1020.410(a)(2)), along with the following (regardless of whether the information is provided with the payment order), for which the Covered Business may rely upon information provided by the originator, absent knowledge of facts that would reasonably call into question the reliability of the information provided, by the end of the month following the month in which the Covered Transaction took place:

Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota (01-13-26)

a) The name and employer identification number of the Covered Business;
b) The account number of the originator;
c) The name of the beneficiary;
d) The address of the beneficiary;
e) The date of birth of the beneficiary;
f) A phone number of the beneficiary;
g) An email address of the beneficiary;
h) The account number of the beneficiary;
i) Whether the source of funds for the transfer includes payments that are from any federal, state, or local government contract or benefit program; and
j) If the answer to question (i) is yes, whether those payments are from government agencies to entities in which the originator has any ownership interest.

Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota (01-13-26)

- The terms of this Order are effective February 12, 2026 and ending August 10, 2026.
- The Covered Business must: (1) retain all reports filed to comply with this Order and any other records relating to compliance with this Order for a period of five years from the last day that this Order is effective (including any renewals of this Order); (2) store all such records in a manner accessible within a reasonable period of time; and (3) make such records available to FinCEN, or any other appropriate law enforcement or regulatory agency, upon request, in accordance with applicable law.
- The Covered Business, and any of its officers, directors, employees, and agents, may be liable, without limitation, for civil or criminal penalties for willfully violating any of the terms of this Order.

Minnesota Fraud GTO FAQs (01-13-26)

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1. **What is a Geographic Targeting Order (GTO)?**
2. **Why did FinCEN issue the GTO?**

   Government benefits fraud is a widespread issue in Minnesota. Extensive schemes have fraudulently diverted state and Federal dollars meant for people who lack housing, are food insecure, have disabilities, or are otherwise eligible to receive government benefits, costing the state of Minnesota hundreds of millions, if not over a billion, dollars—a portion of which was laundered overseas. This GTO will enhance ongoing investigations, generate new leads and investigations, assist efforts to track funds laundered internationally, and facilitate efforts to recover fraudulently obtained funds.
3. **What does the GTO require Covered Businesses to do?**
4. **How do I know if my business is a Covered Business?**
5. **What geographic areas are covered by the GTO?**
6. **What information must be reported under the GTO**

Minnesota Fraud GTO FAQs (01-13-26)

7. **How should the Covered Business collect the information reported under the GTO?**

   Covered Businesses are already required to retain much of the information required to be reported under the GTO, due to obligations under 31 CFR 1010.410(e) and 31 CFR 1020.410(a). The GTO does not alter these obligations. However, instead of simply retaining the information, the Covered Business must report it to FinCEN.

   The GTO also requires reporting of certain additional information. For that additional information, the Covered Business may rely upon information provided by the originator/transmittor, absent knowledge of facts that would reasonably call into question the reliability of the information provided.

8. **Does the GTO apply to Covered Businesses that use ledger entries to track credits and debits with brokers/network members/hawaladars?**

   Any Covered Business that is involved in a Covered Transaction must report such transaction under the GTO, including a Covered Transaction that is a transmittal accomplished through a ledger entry typically associated with hawala networks. If the Covered Transaction is a ledger entry, and the Covered Business is a money transmitter, the Covered Business must report whether the money transmitters utilizes the services of cash couriers to settle debits with hawaladars located internationally.

Minnesota Fraud GTO FAQs (01-13-26)

9. **Does the GTO apply to Covered Businesses involved in convertible virtual currency (CVC) transactions?**

   Any Covered Business that is involved in a Covered Transaction must report such transaction under the GTO, including a Covered Transaction that is a transmittal of CVC.

10. **How do Covered Businesses report under the GTO?**

    Covered Businesses required to file a report pursuant to the GTO must submit the report to FinCEN through the Financial Industry (FI) Portal, which is accessible at https://fiportal.fincen.gov.

    Access to the FI Portal requires an approved FI Portal account. Covered Businesses that do not already have FI Portal access must first submit an FI Access Request through FinCEN's website at https://www.fincen.gov/resources/financial-institutions. Once access has been granted, users will sign in to the FI Portal using their Login.gov credentials.

    After logging into the FI Portal, filers must select File Exchange. Within File Exchange, filers should select "Special Measures" as the Type of File and enter "FIN-62904-L4N7T" as the FinCEN Reference Number.

Minnesota Fraud GTO FAQs (01-13-26)

- File names should adhere to the following file naming convention:

  FilerName_TransactionYearMonth_File#ofTotal#_MNGTO2026.csv

- In this naming convention, FilerName is the legal name of the filer with spaces and punctuation removed; TransactionYearMonth is the year and numeric, zero-padded month of the transactions being reported; and File# and Total# is the current file number out of the total number of files submitted in that period.
- For example, if Covered Business “XYZ Bank, N.A.” has two files to report containing Covered Transactions in February 2026, those submissions should be labeled:

  - XYZBankNA_202602_1of2_MNGTO2026.csv

  - XYZBankNA_202602_2of2_MNGTO2026.csv

Minnesota Fraud GTO FAQs (01-13-26)

- Covered Businesses must report Covered Transactions by the end of the month following the month in which the Covered Transaction took place, using the following reporting schedule:

Covered Transaction Date Range	Submission Due Date	*TransactionYearMonth* in File Name
February 12 – February 28, 2026	March 31, 2026	202602
March 1 – March 31, 2026	April 30, 2026	202603
April 1 – April 30, 2026	May 31, 2026	202604
May 1 – May 31, 2026	June 30, 2026	202605
June 1 – June 30, 2026	July 31, 2026	202606

Minnesota Fraud GTO FAQs (01-13-26)

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11. How long must Covered Businesses retain records relating to compliance with the GTO?

Covered Businesses must retain all records relating to compliance with the GTO for at least five years from the last day that the GTO is effective (including any renewals thereof). These records include all reports filed pursuant to the GTO.

12. How long is the GTO in effect?

The terms of the GTO are effective February 12 through August 10, 2026. Any Covered Transactions occurring during this period must be reported by the end of the month after which the Covered Transaction occurs.

13. What are the penalties for violating the GTO?

A business that willfully violates a GTO (and any partner, director, officer, or employee thereof who willfully participates in the violation) may be liable for the following civil and criminal penalties (subject to any inflationary adjustments):

- Civil Penalties: The greater of either (i) $71,545 or (ii) the amount involved in the transaction (up to $286,184). A separate penalty may be applied for each violation.
- Criminal Penalties: A fine of not more than $250,000 and/or imprisonment for not more than 5 years.

14. What if I have additional questions?

For technical assistance or questions related to filing, including FI Portal access or GTO submissions, filers should contact FinCEN through the FinCEN Support Center at https://assistance.fincen.gov/contact/s/. When submitting an inquiry, filers should select Bank Secrecy Act (BSA) as the General Subject Area, Regulatory/Policy/Business as the Type, and 8300/GTO and CMIR Inquiries for “Need Help With.”

Any other questions about the GTO should be directed to www.fincen.gov/contact, and should include the phrase “Minnesota GTO” in the description.

Minnesota GTO Exemptive Relief Order (02-27-26)

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- By Order, pursuant to the authority set forth in 31 U.S.C. § 5318(a)(7) and 31 C.F.R. § 1010.970(a), the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is granting tailored exemptive relief related to the geographic targeting order (GTO) imposing recordkeeping and reporting requirements on certain financial institutions in Minnesota, which came into effect on February 12, 2026.
- This relief is targeted to exempt certain categories of funds transfers that are lower risk for government benefits fraud, and to allow banks sufficient time to report certain information required by the GTO. This Order: (1) exempts Covered Businesses that are banks from the GTO's requirement to report funds transfers where the originator is described in 31 C.F.R. §§ 1010.230(e)(2)(i)-(xvi); and (2) exempts Covered Businesses that are banks from recording or reporting certain information for account holder customers until May 13, 2026.

FinCEN Exemptive Relief BOI (02-13-26)

- By order, pursuant to 31 U.S.C. § 5318(a)(7) and 31 C.F.R. § 1010.970, the Financial Crimes Enforcement Network (FinCEN) is granting exceptive relief to covered financial institutions from the requirements set forth in 31 C.F.R. § 1010.230(b) to identify and verify the identities of beneficial owners of legal entity customers at each new account opening. Rather than having to identify and verify a legal entity customer's beneficial owners each time that customer opens an account, covered financial institutions may instead limit their identification and verification of the identities of beneficial owners under 31 C.F.R. § 1010.230(b) to the following circumstances: (1) when a legal entity customer first opens an account with a covered financial institution; (2) any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and (3) as needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence. Covered financial institutions must continue to comply with all other applicable anti-money laundering/countering the financing of terrorism (AML/CFT) requirements under the Bank Secrecy Act (BSA) and its implementing regulations, including program, recordkeeping, and reporting requirements.

FinCEN Exemptive Relief BOI (02-13-26)

- On January 31, 2025, President Trump issued Executive Order (E.O.) 14192, *Unleashing Prosperity Through Deregulation.* The E.O. announced an Administration policy to "significantly reduce the private expenditures required to comply with Federal regulations to secure America's economic prosperity and national security and the highest possible quality of life for each citizen" and "alleviate unnecessary regulatory burdens placed on the American people." As discussed below, FinCEN assesses that exceptive relief in this instance would be consistent with that policy and with the BSA's risk-based framework.
- This exceptive relief is also part of FinCEN's obligations under the Corporate Transparency Act (CTA) to revise the 2016 CDD Rule. FinCEN anticipates pursuing further changes to the 2016 CDD Rule through the rulemaking process, and this exceptive relief notice will help inform those efforts.
- However, this relief does not discourage covered financial institutions from exceeding minimum compliance requirements should doing so align with their risk profile and tolerance.

FinCEN Reminds FIs of Its Resources on Identifying Potential Relationship Investment Scams (02-13-26)

- **Immediate Release:** February 13, 2026
- In support of the annual, multiagency #DatingorDefrauding campaign, led by the Commodity Futures Trading Commission’s Office of Customer Education and Outreach, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is once again reminding financial institutions to remain vigilant to potential relationship investment scams. Several FinCEN publications describe how these scams operate and provide insight into the tools and tactics scammers and their coconspirators use to defraud victims and gain access to the U.S. financial system. Suspicious Activity Report filings and effective Bank Secrecy Act compliance are critical to helping law enforcement detect. investigate, and prosecute cases involving relationship investment scams.

FinCEN Reminds FIs of Its Resources on Identifying Potential Relationship Investment Scams (02-13-26)

- For information on specific filing instructions and key terms:
- Alert on Prevalent Virtual Currency Investment Scam Commonly Referred to as "Pig Butchering" by Perpetrators
  - Advisory on Elder Financial Exploitation
  - Alert on Fraud Schemes Involving Deepfake Media Targeting Financial Institutions
  - Alert on Fraud Schemes Abusing FinCEN's Name, Insignia, and Authorities for Financial Gain
  - Notice on the Use of Convertible Virtual Currency Kiosks for Scam Payments and Other Illicit Activity
- For information on trends related to relationship investment scams:
  - Financial Trend Analysis: Elder Financial Exploitation
  - Financial Trend Analysis: Mail Theft-Related Check Fraud

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing this advisory to highlight sanctions risks arising from sham transactions used to evade sanctions and to identify factors to consider when evaluating whether property may be the subject of a sham transaction.
- Sham transactions occur when blocked persons, often operating through proxies or other intermediaries, effectuate transfers or establish arrangements that conceal—rather than genuinely extinguish—a continuing interest in property.
- In other words, blocked persons give up their property on paper only, in an attempt to evade sanctions, while their interests in property remain unchanged.
- Because OFAC implements functional definitions of "interest" and "property interest" that look beyond legal formalities to underlying practical and economic realities, sham transactions do not terminate a blocked interest in property.

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- OFAC has encountered numerous instances where blocked persons have employed opaque legal structures (including trusts), proxies, straw owners, and front businesses, among other mechanisms, to conceal their continuing interest in a variety of types of property, such as investment vehicles, bank accounts, real estate holdings, private jets, yachts, and companies.
- Examples of sham transactions include:
  - A blocked oligarch transferred ownership of his private jet to a trust, whose sole beneficiary was his unsanctioned wife, while the oligarch continued to use the jet for travel.
  - A blocked person transferred millions of dollars of funds into trusts held for his minor children and then attempted to move these funds through U.S. banks.
  - A designated narcotrafficker funded a bank account in his wife’s name and continued to benefit through his wife’s management of the account.
  - An investment advisor continued to manage property on behalf of a blocked oligarch through multiple intermediate companies under the oligarch’s trust, which was managed by his nephew.
  - Following its designation, a company sanctioned for narcotics trafficking was reincorporated under a different name with new nominal owners while continuing the blocked company’s operations.

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- **Red Flags: Indicia of Sham Transactions**
- **Commercially unreasonable transactions.** Transfers of property in which a blocked person once held an interest on terms that are not commercially reasonable, lacking adequate consideration, or otherwise not suggestive of an arm's length transaction may indicate that the blocked person still retains an interest in the property. Conversely, evidence that a transaction was between unrelated parties, at fair market value, in a competitive market, would tend to demonstrate that a bona fide transfer occurred.
- **Transfer to family members or close associates.** Transfers by a blocked person to a family member or close associate can be evidence of a sham transaction. Such family members or close associates may be acting as a proxy, facilitator, money manager, or agent for the blocked person. Similarly, the nature and scope of the relationship between the blocked person and a nominal owner of the transferred property may also be relevant. Formal or informal agreements, agent-principal or other close relationships, and other similar factors may indicate that the nominal owner is not independent from the blocked person and is instead holding property for, or acting on behalf of, the blocked person.

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- **Unclear purpose of transfer.** Transfers lacking apparent business purpose may indicate an attempt to obfuscate a blocked person’s continued interest in property. Likewise, transfers to an individual with little or no relevant experience or expertise with respect to the transferred property may be evidence of a sham transaction.
- **Unduly complex corporate structures involving higher-risk jurisdictions.** The presence of unnecessarily complex legal structures without a discernible legitimate purpose—such as certain multi-layered limited liability companies, partnerships, or trusts—may indicate an effort to conceal an ownership interest. This risk is heightened when holding entities are domiciled in jurisdictions that have little connection to the property they hold, lack robust regulatory and supervisory controls, or offer laws and structures that enable obfuscation in property ownership.
- **Continued involvement of a blocked person.** Facts or circumstances suggesting a blocked person remains involved in the use, management, or disposition of property—including through proxies or intermediaries—may indicate that the blocked person continues to retain an interest in property. In these situations, where a blocked person previously held an ownership interest in the property, the blocked person may still be behind legal structures designed to conceal their interest.

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- **Transfer near the time of designation.** Transfers completed close in time to a person’s designation may trigger suspicion warranting further analysis, such as when a purported transfer occurs immediately before or after a designation. For example, shortly before or after being designated by OFAC, blocked drug kingpins have transferred shares in non-U.S. companies to offshore shell companies; such transfers should raise U.S. sanctions compliance concerns.
- **Evasive responses regarding a blocked person’s involvement.** Evasive or vague responses, or failures to respond to questions from counterparties, key intermediaries, or gatekeepers regarding a blocked person’s involvement in property may be evidence of intent to conceal a continuing interest.

OFAC SANCTIONS ADVISORY – Guidance on Sham Transactions and Sanctions Evasion (03-31-26)

- If persons encounter information indicating that a blocked person previously held an interest in property, OFAC recommends a review of available information to evaluate if any of the above-listed red flags are present. This review may guide analysis to determine if property previously held by blocked persons remains blocked.
- Where information shows a blocked person retains an interest in property in the United States or within the possession or control of any U.S. person, the property must be blocked and reported to OFAC. If the property is not in the United States and is not within the possession or control of any U.S. person, persons required to comply with U.S. sanctions should refrain from directly or indirectly dealing in the property absent authorization from OFAC.

FinCEN Proposal on Whistle Blowers (04-01-26)

- FinCEN is proposing a rule to establish a whistleblower program that offers incentives and protections to encourage individuals who have information about potential violations of the Bank Secrecy Act (BSA), International Emergency Economic Powers Act (IEEP A), Trading With the Enemy Act of 1917 (TWEA), and Foreign Narcotics Kingpin Designation Act (Kingpin Act) to voluntarily report such information (the "Whistleblower Program").
- The proposed rule would implement section 6314 of the Anti-Money Laundering Act of 2020 (AML Act) and the Anti-Money Laundering Whistleblower Improvement Act (AML Whistleblower Improvement Act), which were enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (FY21 NDAA) and the Consolidated Appropriations Act of 2023, respectively.
- **DATES:** Written comments on this proposed rule must be submitted on or before June 1, 2026.

FinCEN Proposal on Whistle Blowers (04-01-26)

- Specifically, the proposed rule would:
  - Define key terms;
  - Set forth procedures for whistleblowers to submit information about potential violations;
  - Describe the requirements a whistleblower must meet to be eligible for an award;
  - Set forth procedures for whistleblowers to submit an award application;
  - Describe the process FinCEN will use to adjudicate award applications; and
  - Describe certain protections afforded to whistleblowers.
- As required by 31 U.S.C. 5323(i), FinCEN has consulted with the Department of Justice (DOJ) on this proposed rule.

FinCEN Proposal on Whistle Blowers (04-01-26)

- *Whistleblower eligibility.*

(1) *In general.* A whistleblower is eligible for an award if:

(i) The whistleblower voluntarily provided original information;

(ii) The whistleblower was the original source of that original information;

(iii) The whistleblower's original information led to the successful enforcement of a covered action or related action; and

(iv) The whistleblower provides to the Department of the Treasury and the Department of Justice, upon request, certain additional information, including:

(A) Explanations and other assistance to allow the Department of the Treasury and the Department of Justice to evaluate and use the original information that the whistleblower submitted; and

(B) Testimony or other evidence relating to whether the whistleblower is eligible or otherwise satisfies any of the conditions for an award.

FinCEN Proposal on Whistle Blowers (04-01-26)

- *(5) Ineligibility.*
- *(i) Employment and criminal history. A whistleblower is not eligible for an award if the whistle blower:*
- *(A) Is, or was at the time the whistleblower acquired the original information:*
- *(1) A member, officer, employee, or contractor of an appropriate regulatory or banking agency, the Department of the Treasury, the Department of Justice, a law enforcement agency, Congress (including a committee of Congress), or a self-regulatory organization; and*
- *(2) Acting in the normal course of their job duties; or*
- *(B) Is convicted of a criminal violation related to the covered action or related action, for which the whistleblower otherwise could receive an award.*
- *(iii) Certain individuals who obtain information from internal audit and compliance programs. A whistleblower must wait at least one hundred and twenty (120) calendar days after obtaining information before providing it to FinCEN to be eligible for an award*
- *if:*

FinCEN Proposal on Whistle Blowers (04-01-26)

- *(A) The whistleblower obtained such information because the whistleblower was an officer, director, trustee, or partner of an entity, or the whistleblower learned the original information in connection with the entity's processes for identifying, reporting, and addressing possible violations of law by that entity or a related entity including but not limited to a subsidiary or other affiliate under common control; or*
- *(B) The whistleblower obtained such information because the whistleblower was an employee whose principal duties involve audit or compliance responsibilities, or an employee or individual associated with a firm retained to perform audit or compliance functions for an entity.*

FinCEN Proposal on Whistle Blowers (04-01-26)

(1) Eligible whistleblower. FinCEN will determine pursuant to paragraph (c) of this section whether the whistleblower is eligible to receive an award.

(2) Agreements. Each whistleblower must enter into any confidentiality agreement, and, in appropriate circumstances, any advance or amortizing payment agreement, requested by and in a form acceptable to FinCEN prior to any issuance or payment of an award.

(3) Amount of award.

(i) *In general.* FinCEN will make an award to an eligible whistleblower for submission of original information that has led to the successful enforcement of a covered action or related action in an aggregate amount of not less than ten (10) percent and not more than thirty (30) percent of the collected monetary sanctions imposed in the covered action or related actions. Collected monetary sanctions will not include amounts:

(A) Paid by a whistleblower; or

(B) Paid by an entity whose liability is determined by the Department of the Treasury or the Department of Justice to be based substantially on conduct that the whistleblower directed, planned, initiated, or controlled.

FinCEN Healthcare Fraud Advisory (03-30-26)

- The U.S. Department of the Treasury's (Treasury) Financial Crimes Enforcement Network (FinCEN) is issuing this Advisory in close coordination with the Federal Bureau of Investigation (FBI) and the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) to urge financial institutions to be vigilant in identifying and reporting suspicious transactions potentially related to health care fraud schemes targeting Medicare, Medicaid, and other Federal and state health care benefit programs (hereafter "Health Care Benefit Programs").
- From 2020 through 2025, FinCEN observed a 330 percent increase in BSA reporting on health care fraud. This significant increase in BSA reporting peaked in 2025 with financial institutions filing a record of over 3,800 initial SARs that checked SAR field 34(g) (Healthcare/Public or Private Health Insurance). This BSA reporting, however, likely represents only a small fraction of the amount of illicit activity connected to health care fraud in the United States.
- FinCEN strongly encourages financial institutions to voluntarily report suspicious activity related to fraud and also strongly encourages immediate notification to law enforcement regarding fraud schemes targeting Health Care Benefit Programs.

FinCEN Healthcare Fraud Advisory (03-30-26)

- **Reporting Fraud, Waste, and Abuse**
- FinCEN encourages financial institutions and the public to report any tips or complaints about potential fraud, waste, abuse, and mismanagement involving HHS programs to HHSOIG (Submit a Hotline Complaint).
- Victims of cyber-enabled health care fraud schemes should file a complaint with the FBI's Internet Crime Complaint Center (IC3) or file a report with their nearest FBI field office.
- According to Federal law enforcement, illicit actors are increasingly exploiting Health Care Benefit Programs by filing false and fraudulent claims for reimbursement, including for nonexistent, exploitative, substandard, or unnecessary medical care. As part of these schemes, illicit actors often use straw owners (including non-resident aliens and stolen identities of retired physicians) to establish shell companies to obfuscate their ultimate beneficial ownership and register the entities as health care providers and suppliers with Health Care Benefit Programs.

FinCEN Healthcare Fraud Advisory (03-30-26)

- Those straw owners and their recently established shell companies then use fraudulent beneficial ownership information, false store fronts, and stolen or fictious documentation to open bank accounts as supposedly legitimate health care providers and suppliers. Illicit actors may also purchase companies already registered with Health Care Benefit Programs, fail to notify CMS and/or the state-level agencies of the change in ownership as required, and use that pre-existing company for fraudulent purposes.
- After registering with Health Care Benefit Programs, illicit actors obtain the names and identification numbers of beneficiaries enrolled in these programs, and use that information to file false and fraudulent claims for reimbursement, including nonexistent, exploitative, substandard, or unnecessary medical care in violation of Federal law, including criminal law and the False Claims Act.
- This is often facilitated by paying kickbacks and bribes through recruiters and marketers to complicit doctors, nurses, pharmacists, and other medical professionals for fraudulent, nonexistent, exploitative, or unnecessary medical care in violation of the Anti-Kickback Statute and other Federal laws.
- This practice can include kickbacks and bribes for patient referrals, prescriptions, and doctors' orders – in some cases authorized when a doctor has not even evaluated a patient.

FinCEN Healthcare Fraud Advisory (03-30-26)

- Illicit actors can submit the false claims to Health Care Benefit Programs through multiple methods, including:
  - *Billing for Exploitative, Substandard, or Unnecessary Goods or Services:* Filing claims for the provision of goods or services that are exploitative, substandard, or medically unnecessary;
  - *Double Billing:* Filing multiple claims for the same good or service;
  - *Phantom Billing:* Filing a claim for a good or service that was never provided to the patient;
  - *Unbundling:* Filing multiple claims for goods or services that are bundled together; and
  - *Upcoding:* Filing a claim for a more expensive good or service than the patient received.
- Once a claim is paid by an Automated Clearing House (ACH) deposit or, in limited cases, via paper check, the illicit actor then immediately launders the fraudulently obtained reimbursement through the U.S. and international financial systems. In some cases, the illicit actor may also recruit complicit insiders within financial institutions to circumvent AML controls and facilitate the money laundering operation.

FinCEN Healthcare Fraud Advisory (03-30-26)

- FinCEN has identified the following red flags to help financial institutions detect, prevent, and report suspicious activity connected to health care fraud schemes targeting Health Care Benefit Programs. Payments for reimbursements of health care benefits generally follow standardized and predictable payments patterns, which may make unusual changes in reimbursement activity (*e.g.*, deviations in payment volumes, timing, and credit and debit transactions) after enrollment or changes in ownership particularly indicative of health care fraud when assessed alongside other red flags. These payments can also include in the payment field the name of the MACs or state-level agencies issuing the reimbursements to the health care providers or suppliers.

1. A customer with neither legal permanent residence in the United States nor significant experience in the health care industry (*e.g.*, based on the customer's stated occupation) tries to open a bank account as the owner or employee of a recently established or purchased health care provider or supplier registered with a Health Care Benefit Program.

FinCEN Healthcare Fraud Advisory (03-30-26)

2. A customer is a health care provider or supplier registered with a Health Care Benefit Program that has beneficial owners with prior health care or government benefits fraud convictions.
3. A customer is the nominal or beneficial owner of a health care provider or supplier registered with a Health Care Benefit Program and has familial or business affiliations with individuals with health care or government benefits fraud convictions.
4. A customer is a health care provider or supplier registered with a Health Care Benefit Program, and the account is accessed through an Internet Protocol (IP) address or Device ID that is linked to multiple accounts at the financial institution or other financial institutions or connected to foreign jurisdictions.

FinCEN Healthcare Fraud Advisory (03-30-26)

- FinCEN requests that financial institutions indicate a connection between the suspicious activity being reported and the activities highlighted in this Advisory by including the key term “**HCF-2026-A001**” in SAR field 2 (Filing Institution Note to FinCEN), as well as in the narrative. Financial institutions may highlight additional Advisory, Alert, or Notice keywords in the narrative, if applicable.
- Financial institutions should select SAR field 34(g) (Healthcare/Public or Private Health Insurance) and any other applicable check box. Financial institutions also should select all other relevant suspicious activity fields, such as those in SAR fields 36 (Money Laundering) and 38 (Other Suspicious Activities), if applicable.

BSA Odds and Ends

- OFAC launches self disclosure portal 2/6/26

  [Launch of Voluntary Self-Disclosure Portal | Office of Foreign Assets Control]

- OFAC adds Venezuela related FAQs 2/6/26

  [Frequently Asked Questions - Newly Added | Office of Foreign Assets Control]

- FATF issues results of plenary meeting 2/13/26

  [Jurisdictions under Increased Monitoring - 13 February 2026]

  [High-Risk Jurisdictions subject to a Call for Action - 13 February 2026]

- Treasury proposes rule to sever Swiss MBaer’s access to U.S. Financial System 2/26/26

  [Treasury Proposes Rule to Sever Swiss Bank MBaer’s Access to U.S. Financial System | U.S. Department of the Treasury]

Loans

Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold (01-07-26)

- The Consumer Financial Protection Bureau (Bureau) is amending the official commentary to its Regulation Z in order to make annual adjustments to the asset-size thresholds exempting certain creditors from the requirement to establish an escrow account for a higher-priced mortgage loan (HPML). The exemption threshold for creditors and their affiliates that regularly extended covered transactions secured by first liens is adjusted to $2.785 billion and the exemption threshold for certain insured depository institutions and insured credit unions with assets of $10 billion or less is adjusted to $12.485 billion.
- This rule is effective on January 7, 2026.
- The requirements for small-creditor portfolio qualified mortgages at§ 1026.43(e)(5)(i)(D) reference the asset threshold in§ 1026.35(b)(2)(iii)(C). Likewise, the requirements for balloon-payment qualified mortgages at § 1026.43(f)(1)(vi) reference the asset threshold in§ 1026.35(b)(2)(iii)(C). Under§ 1026.32(d)(1)(ii)(C), balloon-payment qualified mortgages that satisfy all applicable criteria in § 1026.43(f)(1)(i) through (vi) and (f)(2), including being made by creditors that have (together with certain affiliates) total assets below the threshold in§ 1026.35(b)(2)(iii)(C), are also excepted from the prohibition on balloon payments for high-cost mortgages.

HMDA (Regulation C) Adjustment to Asset-Size Exemption Threshold (01-07-26)

- The Consumer Financial Protection Bureau (Bureau) is amending official commentary interpreting requirements of the Bureau's Regulation C to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 2.5 average percent increase in the CPI-W for the 12-month period ending November 2025, the exemption threshold is adjusted to $59 million from $58 million. Institutions with assets of $59 million or less as of December 31, 2025, are exempt from collecting data in 2026.

Withdrawal of Joint Statement on the ECOA and Noncitizen Borrowers (01-12-26)

- The Consumer Financial Protection Bureau (Bureau) and Department of Justice (DOJ) are withdrawing a joint statement issued in October 2023 regarding the implications of a creditor's consideration of an individual's immigration status under the Equal Credit Opportunity Act (ECOA).
- The statement published on October 18, 2023, at 88 FR 71845 (/citation/88-FR-71845), is withdrawn as of January 12, 2026.
- On October 12, 2023, the agencies published a joint statement (the joint statement) cautioning that creditor policies related to an applicant's immigration or citizenship status could, in certain circumstances, run afoul of ECOA's and Regulation B's prohibition of discrimination on the basis of protected classes, including race and national origin. The agencies now hereby withdraw the joint statement for the following reasons.

Withdrawal of Joint Statement on the ECOA and Noncitizen Borrowers (01-12-26)

- The joint statement did not purport to interpret ECOA or Regulation B, which generally permit creditors to consider immigration or citizenship status. The joint statement further acknowledged that Regulation B expressly permits consideration of immigration or citizenship status for certain purposes. However, by focusing primarily on risks that could arise if such consideration were used to discriminate on a protected basis, the joint statement may have created the impression that either ECOA or the statement itself imposes limitations on the consideration of immigration or citizenship status when evaluating an application for credit. No such limitation exists, and this withdrawal is intended to correct any such misimpression.
- Separately, as announced in the Bureau's guidance withdrawal notification published in the **Federal Register** on May 12, 2025, which withdrew various guidance documents issued by the Bureau since 2011, the Bureau has revised its policies regarding the issuance of guidance documents. Under the revised policy, the Bureau avoids issuing guidance that is not necessary or would increase compliance burdens. The Bureau concludes that additional guidance on this topic beyond what Regulation B provides is unnecessary and, to the extent that the joint statement was understood to require new or increased compliance efforts, it is appropriate for recission under the Bureau's revised policy.

Withdrawal of Joint Statement on the ECOA and Noncitizen Borrowers (01-12-26)

- Nothing in ECOA or Regulation B prohibits the consideration of an applicant's immigration or citizen status.
- More specifically, it states that "[a] creditor may take the applicant's immigration status into account,“ and "may consider the applicant's immigration status or status as a permanent resident of the United States, and any additional information that may be necessary to ascertain the creditor's rights and remedies regarding repayment.“
- The joint statement's exclusive emphasis on the risks of such consideration, however, may have created the misimpression that ECOA or Regulation B prohibit or otherwise limit the consideration of immigration or citizenship status by a creditor evaluating an application for credit.
- A credit applicant's immigration or citizenship status may present underwriting risks that typical assessments of financial capacity alone will not fully resolve. As Regulation B acknowledges, this is something creditors may legitimately consider. To the extent the joint statement suggested, or could be read to suggest, that the practices it describes are presumptively discriminatory in violation of ECOA, such a presumption would not be supported by ECOA or Regulation B.

HUD's Fair Housing Act's Disparate Impact Standard Proposal (01-14-26)

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- The Fair Housing Act prohibits discrimination in the sale, rental, or financing of dwellings and in other housing-related activities. Since 2013, HUD has issued three final rules for determining whether a given practice has an unjustified discriminatory effect under the Fair Housing Act, even where practices were not motivated by discriminatory intent. These rules formalized legal tests that were not explicit in statute and imposed a presumption of unlawful discrimination when any variance in outcomes exists among protected classes, even without a showing of a facially discriminatory policy or discriminatory intent. Through this rulemaking, HUD is proposing to remove its discriminatory effects regulations and leaving to courts questions related to interpretations of disparate impact liability under the Fair Housing Act.
- *Comment Due Date:* February 13, 2026.
- On February 15, 2013, at 78 FR 11460 (/citation/78-FR-11460), HUD published a final rule entitled "Implementation of the Fair Housing Act's Discriminatory Effects Standard" ("the 2013 rule"). The 2013 rule established regulations in 24 CFR part 100 (https://www.ecfr.gov/current/title-24/part-100) to formalize an interpretation that discriminatory effect, or disparate impact, liability is cognizable under the Act. It also codified a burden-shifting framework onto the defendant for analyzing disparate impact claims, relying in part on existing case law under the Fair Housing Act, decisions by HUD's administrative law judges, and Title VII of the Civil Rights Act of 1964 (which relates to employment discrimination).

HUD's Fair Housing Act's Disparate Impact Standard Proposal (01-14-26)

- In 2015, the Supreme Court held that disparate impact claims are cognizable under the Fair Housing Act in *Texas Department of Housing and Community Affairs* v. *Inclusive Communities Project, Inc.*, (*Inclusive Communities*).
- On June 20, 2018, at 83 FR 28560 (/citation/83-FR-28560), HUD published an advance notice of proposed rulemaking ("ANPRM") inviting public comment on "what changes, if any" to the 2013 rule were necessary as a result of *Inclusive Communities.* Following the ANPRM and a subsequent proposed rule published on August 19, 2019, at 84 FR 42854 (/citation/84-FR-42854), HUD published a final rule titled "HUD's Implementation of the Fair Housing Act's Disparate Impact Standard" on September 24, 2020 ("the 2020 rule") at 84 FR 42854 (/citation/84-FR-42854).
- The 2020 rule amended HUD's disparate impact regulations to implement the Supreme Court's decision in *Inclusive Communities* and to provide clarification regarding the application of the standard to State laws governing the business of insurance.
- Prior to the effective date of the 2020 Rule, the U.S. District Court for the District of Massachusetts in Massachusetts Fair Housing Ctr. v. HUD issued a preliminary injunction staying the implementation and postponing the effective date of the 2020 Rule.
- Pursuant to a Presidential Memorandum issued on January 26, 2021, at 86 FR 7487 (/citation/86-FR-7487), HUD published a proposed rule at 86 FR 33590 (/citation/86-FR- 33590) to (D printed page 1476) reinstate the 2013 rule, followed by a final rule titled "Reinstatement of HUD's Discriminatory Effects Standard" on March 31, 2023 ("the 2023 rule") at 88 FR 19450 (/citation/88-FR-19450).

HUD's Fair Housing Act's Disparate Impact Standard Proposal (01-14-26)

- Several factors have prompted HUD to reconsider its discriminatory effects regulations. On April 23, 2025, the President issued Executive Order 14281 (/executive-order/14281) titled "Restoring Equality of Opportunity and Meritocracy" ("E.O. 14281 (/executive-order/14281)"). The Executive Order states that equal treatment under the law is a "bedrock principle of the United States" which "guarantees equality of opportunity, not outcomes."
- The Order asserts that disparate impact liability "endangers this foundational principle" by creating a "near insurmountable presumption of discrimination" when there are any differences in outcomes, "even if there is no facially discriminatory policy or practice or discriminatory intent involved, and even if everyone has an equal opportunity to succeed."
- As such, the Order established that "it is the policy of the United States to eliminate the use of disparate-impact liability in all contexts to the maximum degree possible to avoid violating the Constitution, Federal civil rights laws, and basic American ideals."

HUD’s Fair Housing Act’s Disparate Impact Standard Proposal (01-14-26)

- Consistent with this, HUD has reviewed its disparate impact regulations and related prior rulemakings and determined they are unnecessary. HUD's prior assertion, that its disparate impact regulations provided clarity and predictability for all parties engaged in housing transactions (78 FR 11460 (/citation/78-FR-11460)), is diminished by the facts that case law continues to develop and HUD’s regulation does not provide an up-to-date picture of the legal landscape.
- Furthermore, according to the Supreme Court's decision in *Loper Bright Enterprises* v. *Raimondo* (" *Loper Bright"*), federal agency interpretations of statutes and agency actions that rely on them do not receive any judicial deference.
- As a result, HUD's prior disparate impact rulemakings, HU D's interpretation of the Fair Housing Act, and the codification of that interpretation in regulations, do not carry deferential weight. A reviewing court may wholly reject HUD's claims in prior rulemakings that the regulations provide greater clarity and predictability and may vacate or set aside HUD’s rules.

HUD's Fair Housing Act's Disparate Impact Standard Proposal (01-14-26)

- HUD is proposing to remove the second sentence of§ 100.5(b), which states that illustrations of unlawful housing discrimination in 24 CFR part 100 (https://www.ecfr.gov/current/title-24/part-100) may be established by a practice's discriminatory effect, even if not motivated by discriminatory intent, consistent with the standards outlined in§ 100.500.
- Section 100.500 states that liability may be established under the Fair Housing Act based on a housing practice's discriminatory effect, as defined in paragraph (a) of§ 100.500, even if the practice was not motivated by discriminatory intent; that the practice may still be lawful if supported by a legally sufficient justification, as defined in paragraph (b); and that the paragraph (c) lays out the burdens of proof for establishing a violation under subpart G of part 100 of title 24 of the Code of Federal Regulations (https://www.ecfr.gov/current/title-24/part-100).

HMDA News and Updates (01-20-26)

- January 20, 2026
- Due to operational constraints, the Consumer Financial Protection Bureau has discontinued its use of the GovDelivery email service on Tuesday, January 20, 2026. After that date, subscribers to the HMDA mailing list will no longer receive email notifications. Visit our HMDA News and Updates webpage to ensure you continue to have access to timely information.

OCC Final Rule to Rescind Fair Home Loan Data System Rule (03-04-26)

- **Fair Housing Home Loan Data System**
- **AGENCY:** Office of the Comptroller of the Currency, Treasury.
- **ACTION:** Final rule.
- **SUMMARY:** The Office of the Comptroller of the Currency (OCC) is rescinding its Fair Housing Home Loan Data System regulation. The OCC has determined that the regulation is obsolete and largely duplicative of and inconsistent with other legal authorities that require national banks to collect and retain certain information on applications for home loans. Moreover, it imposed asymmetrical data collection requirements on national banks compared to their other depository institution counterparts, and the data collected had limited utility. For these reasons, rescinding the regulation eliminates the regulatory burden for national banks without having a material impact on the availability of data necessary for the OCC to conduct its fair housing-related supervisory activities.
- **DATES:** The final rule is effective April 3, 2026.

OCC Final Rule to Rescind Fair Home Loan Data System Rule (03-04-26)

- The OCC issued part 27 in 1979 to provide a basis for a more effective fair housing monitoring program for home loans. The OCC's issuance of part 27 also assisted with implementation of certain parts of the settlement reached in *National Urban League et al.*, v. *Office of the Comptroller of the Currency et al.*
- The OCC largely utilizes information collected pursuant to the HMDA and ECOA to conduct its supervisory activities. The OCC only considered part 27 data in limited circumstances where the data requirements did not overlap.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:
- Every American seeking to buy a home should have access to a mortgage from a reliable lender, at a rate commensurate with his or her creditworthiness. Over the past two decades, however, statutory and regulatory changes - including rules adopted under the Dodd-Frank Act, Public Law 111-203, and subsequent rulemakings - have increased the compliance costs of mortgage origination and servicing and distorted the structure of the mortgage market. These burdens have contributed to a significant decline in bank participation in mortgage lending. Community banks, generally institutions with fewer than $30 billion in assets, have been especially affected.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

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- (a) The Consumer Financial Protection Bureau (CFPB) shall consider, as appropriate and consistent with applicable law:

  (i) proposing amendments to Regulation Z that tailor the following requirements for smaller banks: ATR and QM requirements (including potentially a broader QM safe harbor for portfolio loans) and the requirements of the Truth in Lending Act, Public Law 90-321 (TILA), Real Estate Settlement Procedure Act, Public Law 93-533 (RESPA), and TILA-RESPA Integrated Disclosure (TRID) rules;

  (ii) replacing TRID timing rules with a materiality-based standard that preserves consumer clarity and reduces closing delays;

  (iii) exempting small-mortgage loans from caps on QM points and fees or, as appropriate, modifying such caps to support affordability;

  (iv) updating regulations regarding banks' reasonable compliance with ATR and QM underwriting requirements by removing unnecessarily burdensome elements;

  (v) modernizing the right to rescission for mortgage lending, for example, by enabling increased secure electronic and digital forms and processes;

  (vi) streamlining the requirements applicable to rate-and-term refinancing under Regulation X mortgage servicing rules; and

  (vii) exempting rate-and-term refinancing (including cash-out refinancing) from rescission rights.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- (b) The Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System (Federal Reserve), the Director of the CFPB, the Chairman of the National Credit Union Administration (NCUA) Board, the Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC), and the Comptroller of the Currency shall consider, as appropriate and consistent with applicable law, revising supervisory guidance to ensure that:

  (i) examiners evaluate mortgage lending based on the effectiveness of the lender's policies regarding a consumer's ability to repay and prudent underwriting, rather than the existing focus on process and technical compliance; and

  (ii) good-faith, technical compliance errors are subject to correction-first supervisory treatment, with enforcement reserved for borrower harm or repeated misconduct.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- Sec. 3. Modernization of Home Mortgage Disclosure Act (HMDA) Data Collection and Disclosure.

  (a) The CFPB shall consider, as appropriate and consistent with applicable law, proposing amendments to Regulation C to raise the asset threshold for exemption from HMDA data collection and reporting requirements for smaller banks, to exclude inquiries from the scope of HMDA, and to ensure that disclosures protect privacy and reduce burdens, including insufficiently tailored, expensive, and complex software and training needed for reporting financial institutions.

- Sec. 4. Capital and Liquidity - Alignment.

  (a) The Vice Chairman for Supervision of the Federal Reserve, the Chairman of the NCUA Board, the Chairperson of the Board of Directors of the FDIC, the Comptroller of the Currency, and the Director of the Federal Housing Finance Agency (FHFA) shall consider, as appropriate and consistent with applicable law:

Executive Order Promoting Access to Mortgage Credit (03-13-26)

(i) revising capital regulations, consistent with appropriate risk-management requirements, to tailor risk weights for all banks, including community banks and other smaller banks, for portfolio mortgages, servicing rights, and warehouse lines of credit to the material credit risk of the exposure;

(ii) modernizing collateral valuation and transfer systems between the Federal Reserve and Federal Home Loan Banks (FHLBs);

(iii) expanding access to longer-dated FHLB advances tied to residential mortgage assets;

(iv) creating targeted FHLB liquidity programs for entry-level housing, owner-occupied purchase loans, and small residential builders;

(v) accelerating collateral boarding and valuation processes through standardized data and digital documentation; and

(vi) refocusing the FHLBs' Affordable Housing Program on faster-cycle execution and greater financial leverage for small-scale and owner-occupied housing projects.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- Sec. 5. Construction and Housing Supply.

  (a) The Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of the Board of Directors of the FDIC, and the Comptroller of the Currency, shall consider, as appropriate and consistent with applicable law, revising supervisory guidance both to exclude one-to four-family residential development and construction lending from commercial real estate concentration guidance and to ensure supervisory expectations support responsible construction lending by community banks.

- Sec. 6. Appraisal Modernization. (a) The Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of Board of Directors of the FDIC, the Comptroller of the Currency, and the Director of the FHFA shall consider, as appropriate and consistent with applicable law and their statutory authorities:

Executive Order Promoting Access to Mortgage Credit (03-13-26)

(i) modernizing appraisal regulations and guidance to expand the use of alternative valuation models, desktop and hybrid appraisals, and artificial intelligence valuation tools;

(ii) simplifying appraiser qualification requirements; and

(iii) reducing appraisal requirements for low-risk transactions, including low loan-to-value refinancing and small-balance loans; and setting clear appraisal timelines.

(b) The Secretary of Housing and Urban Development (HUD) and the Secretary of Veterans Affairs (VA) shall consider, as appropriate and consistent with applicable law:

(i) aligning appraisal standards between the Federal Housing Administration and VA Home Loan Program where risk is comparable;

(ii) clarifying the distinction in an appraisal inspection between safety and habitability concerns that necessitate pre-closing repairs versus cosmetic concerns; and

(iii) expanding post-closing repair flexibility.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- Sec. 7. Digital Mortgage Modernization.

  (a) The Secretary of Agriculture, the Secretary of HUD, the Secretary of VA, and the Director of the FHFA shall consider, as appropriate and consistent with applicable law:

  (i) eliminating unnecessary wet-signature requirements for disclosures, applications, closing documents, and similar documents;

  (ii) standardizing acceptance of electronic signatures, e-notes, and remote online notarization; and

  (iii) promoting digital mortgage standards.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

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- Sec. 8. Servicing and Supervisory Certainty.

  (a) The Secretary of HUD, the Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of the Board of Directors of the FDIC, and the Comptroller of the Currency shall consider, as appropriate and consistent with applicable law:

    (i) aligning supervisory expectations to support portfolio mortgage servicing as a core community banking function; extending cure-first standards to good-faith servicing errors; simplifying loss mitigation requirements; and issuing a proposed rule providing exemptions from complex mortgage services for smaller banks; and

    (ii) ensuring that supervisory evaluations of performing, prudently underwritten portfolio loans do not focus on technical defects or rely on evolving supervisory interpretations.

Executive Order Promoting Access to Mortgage Credit (03-13-26)

- <u>Sec. 9. Enforcement</u>.

  (a) The Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of the Board of Directors of the FDIC, and the Comptroller of the Currency shall consider, as appropriate and consistent with applicable law, promulgating a policy against enforcement actions for violations of consumer financial laws that:

  (i) discourages imposing civil monetary penalties, except where the underlying violations are willful, knowing, or reckless;

  (ii) considers good corporate conduct, including a bank's correction of good-faith, technical compliance errors; and (iii) allows institutions a reasonable opportunity for self-identification and remediation of appropriate compliance matters.

- <u>Sec. 10. Duplicative or Unnecessary Licensing Requirements</u>. The Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of the Board of Directors of the FDIC, and the Comptroller of the Currency shall consider, as appropriate and consistent with applicable law, eliminating duplicative or unnecessary requirements regarding licensing or registration for mortgage loan officers of any smaller bank.

Loans Odds and Ends

- FDIC and OCC jointly issue inflationary asset size adjustments for the Community Reinvestment Act.

  Federal Reserve Board - Agencies release annual asset-size thresholds under Community Reinvestment Act regulations

- NCUA extends loan interest rate ceiling until September 10, 2027 2/8/26

  NCUA Board Extends Loan Interest Rate Ceiling | NCUA

- New York City issues final rule on debt collection for bank's collecting their own debt with New York customers 2/26/26

  Further Amendments of Debt Collector Rules – NYC Rules

- HMDA modified LAR data is available 3/31/26

  2025 HMDA Data on Mortgage Lending Now Available | Consumer Financial Protection Bureau

- OCC rescinds its recovery planning guidelines for very large banks 3/31/26

  OCC Issues Final Rule to Rescind Recovery Planning Guidelines | OCC

Deposits

Final Rule Part 328 FDIC Signs (01-22-26)

- **SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) is amending its signage requirements for insured depository institutions' (IDIs) digital deposit-taking channels and automated teller machines (ATMs) and like devices. This final rule is intended to address implementation issues and sources of potential confusion raised following the adoption of signage requirements for these banking channels in 2023. The final rule provides additional flexibility to IDIs while also enabling consumers to better understand when they are conducting business with an IDI and when their funds are protected by the FDIC's deposit insurance coverage.
- *Compliance Date*: Compliance is required by April 1, 2027.
- This final rule amends the signage requirements at 12 CFR 328.4 and 328.5.
- The final rule does not amend other provisions under 12 CFR part 328.

Final Rule Part 328 FDIC Signs (01-22-26)

- In response to potential consumer confusion and challenges with implementing the 2023 Final Rule's signage requirements for digital deposit-taking channels, ATMs, and like devices, the FDIC published a notice of proposed rulemaking (NPR or proposal) in the *Federal Register* on August 21, 2025. The NPR proposed to amend the signage requirements at 12 CFR 328.4 and 328.5 and requested public comment.
- The FDIC received a total of nine substantive comments from industry groups, a payments provider, a non-profit organization, and an individual.
- The final rule adopts the NPR's amendments as proposed with respect to the design of the FDIC official digital sign. The final rule requires that the text of the official digital sign be navy blue or black but does not mandate specific color codes. Like the proposed rule, the final rule also requires IDIs to use Source Sans Pro Web or any other similar font. These changes are intended to give IDIs sufficient flexibility to exercise reasonable judgment in order to accommodate technical limitations (e.g., space constraints, font availability, and color options for "navy blue"). In addition, the FDIC will continue to provide a standardized—but optional—digital official sign to IDIs via FDICconnect.

Final Rule Part 328 FDIC Signs (01-22-26)

- The final rule adopts the NPR's proposed changes to the display of the FDIC official digital sign on digital deposit-taking channels and explicitly provides that the sign is required only on the first page or screen of the deposit account opening process. Specifically, under the final rule, IDIs are required to display the FDIC official digital sign clearly, continuously, and conspicuously on the (1) initial page or homepage of the website or application; (2) login page; and (3) page or screen where the consumer *first* initiates a deposit account opening.
- Importantly, the rule does not prohibit the inclusion of uninsured products on pages bearing the FDIC official digital sign. The FDIC's regulations prohibiting deposit insurance misrepresentations, including misrepresentations using FDIC-Associated Images such as the FDIC official digital sign, provide sufficient safeguards against such misrepresentations or confusion that may occur if the FDIC official digital sign is displayed on pages that include uninsured products.

Final Rule Part 328 FDIC Signs (01-22-26)

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- To address questions and concerns raised regarding what would be considered a page “relating” to non-deposit products and whether this term includes pages and screens with incidental references to non-deposit products (e.g., homepages or navigation menus or tabs), the NPR proposed requiring the display of non-deposit signage only on pages and screens that are *primarily dedicated* to one or more non-deposit products.
- The final rule adopts the NPR’s changes to static non-deposit signage requirements on digital deposit-taking channels with additional revisions. The NPR proposed that the requirement to display static non-deposit signage apply to an IDI’s digital deposit-taking channel that “offers the ability to make deposits electronically and provides access to deposits and one or more non-deposit products[.]”
- Specifically, the final rule provides that non-deposit signage is required on a digital deposit-taking channel that “(1) offers the ability to make deposits electronically and provides access to deposits and (2) advertises or provides information about, or access to, one or more non-deposit products[.]”

Final Rule Part 328 FDIC Signs (01-22-26)

- The final rule also adopts a clearer, more specific “primarily dedicated” standard for the pages of an IDI’s digital deposit-taking channel on which non-deposit signage is required. The final rule states that IDIs must clearly, continuously, and conspicuously display non-deposit signage on any page that is *primarily dedicated to advertising or providing information about*, *or access to,* non-deposit products. On such pages, IDIs must clearly, continuously, and conspicuously display non-deposit signage indicating that non-deposit products are not insured by the FDIC; are not deposits; and may lose value.

Scope of Static Non-Deposit Signage Requirements for Digital Deposit- Taking Channels

- The amended scope of the non-deposit signage requirement is intended to recognize that, although graphics and links concerning non-deposit products may appear on a variety of IDI webpages, the range of pages that are primarily dedicated to advertising or providing information about, or access to, non-deposit products may be much narrower. An IDI’s homepage—typically geared toward general banking services, even if it includes limited graphics and links that allow customers to access pages with non-deposit products—would not meet this standard. Instead, pages on an IDI’s digital deposit-taking channel where the primary focus of the content is marketing or providing information about non-deposit products (such as pages that are accessed by clicking “Investing” or “Wealth Management”) will tend to be pages covered by this standard.

Final Rule Part 328 FDIC Signs (01-22-26)

- Commenters also raised concerns that IDIs may be subject to overlapping disclosure requirements for non-deposit investment products that are similar to 12 CFR part 328’s non-deposit signage requirements. There are two dimensions to these similarities: the content of required disclosures and the manner in which disclosures must be displayed.
- As to content, the signage must “indicate that the non-deposit products: are not insured by the FDIC; are not deposits; and may lose value.” The FDIC has previously noted in Q&As that signage that states “Not FDIC Insured; No Bank Guarantee; May Lose Value” would meet this requirement. As to the manner in which non-deposit signage must be displayed, the regulation’s clear, continuous, and conspicuous requirement bears similarity to the display requirements that accompany other disclosure requirements, which characterize their standards in similar terms.
- If, in efforts to comply with other disclosure requirements, an IDI already continuously, clearly, and conspicuously displays non-deposit signage consistent with 12 CFR part 328, no additional changes would be required by the final rule. However, a common industry practice is to include disclosures towards the bottom of a webpage, where they are generally less likely to be seen by consumers. Signage would not be displayed clearly, continuously, and conspicuously for purposes of 12 CFR part 328 if it appears at the bottom of a webpage, in very small text size.

Final Rule Part 328 FDIC Signs (01-22-26)

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- The final rule provides IDIs flexibility in the placement of the non-deposit signage.
- Signage appearing towards the bottom of a webpage would meet the standard in 12 CFR part 328 so long as the text is displayed more prominently than footnotes. For example, if the non-deposit signage is placed in a text box, or displayed in larger or bolded font, relative to the smallest text on the page, it would be sufficiently clear and conspicuous to meet the standard, notwithstanding its placement towards the bottom of a webpage.
- The final rule generally adopts the NPR's examples of clear, continuous, and conspicuous signage with certain changes. The NPR proposed four examples at subsection 328.5(e). The final rule adopts the first three of those examples as proposed. The fourth example illustrated that non-deposit signage would meet the standard if placed "[on] a page on an insured depository institution's website promoting, for example, annuities available for purchase, with non-deposit signage appearing towards the bottom of a promotional text or graphic in a size generally consistent with other text on the page." As noted above, it is a common industry practice to include disclosures towards the bottom of a webpage, as opposed to near promotional text or graphics themselves. In order to provide a clearer and more practical example, the final rule revises this example to state that non-deposit signage placed towards the bottom of a page that distinguishes the text from the smallest text on the page by using bold or larger font, or surrounding the disclosure with a text box, would generally be considered to be clear and conspicuous.

Final Rule Part 328 FDIC Signs (01-22-26)

- Ultimately, whether signage is clear, continuous, and conspicuous must be based on the appearance of signage in relation to other content on a given page or screen.
- In rare circumstances, both the FDIC official digital sign and non-deposit signage may appear on the same page. However, the potential for both signage requirements to apply to the same page is greatly minimized by the amendments in this rule, which reduce the number of pages on which the FDIC official digital sign and non-deposit signage must be displayed.
- The final rule adopts the proposed requirement to display a one-time notification for IDI customers accessing third-party non-deposit products, with organizational and streamlining changes to the regulatory text for clarity.
- The final rule adopts the proposed change and, in response to that commenter, restructures and streamlines the proposed regulatory text to make it clear that the requirement to display the sign for a minimum of three seconds only applies if the notification disappears automatically (as opposed to if the customer manually dismisses the notification).

Final Rule Part 328 FDIC Signs (01-22-26)

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- Simply stated, an institution could enable a customer to affirmatively dismiss the notification or could permit the notification to remain on the page for a minimum of 3 seconds.
- In addition, IDIs could combine these two options through a notification that could either be dismissed manually by the customer or disappear automatically after a minimum of 3 seconds. The notification would not need to remain on the page for 3 seconds if the customer affirmatively dismisses the notification before 3 seconds elapses.
- The final rule expressly provides IDIs with the latitude to display additional disclosures through a new subsection 328.5(f), which provides that the signage requirements for digital deposit-taking channels do not limit IDIs' ability to display signage and disclosures in addition to those required by 12 CFR part 328.
- To simplify compliance for IDIs and mitigate potential consumer confusion, the final rule generally adopts the proposed change that the FDIC official digital sign appear on the initial screen of IDIs' ATMs and like devices, with one clarification noted below. The FDIC official digital sign is no longer required on homepages or screens or on each transaction page or screen relating to deposits.

Final Rule Part 328 FDIC Signs (01-22-26)

- The final rule adopts the limited exception for certain ATMs to display the physical official sign as proposed, with one change. The relevant “placed into service” date the NPR proposed for the physical sign exception was January 1, 2027, which was aligned with the contemplated compliance date. Because the compliance date for this rule is April 1, 2027, that date will also serve as the “placed into service” date for the physical sign exception for ATMs and like devices.
- The final rule adopts the proposed deletion of section 328.4(f). As noted, this provision is unnecessary in light of an IDI’s obligation to display signage clearly. Signage that is degraded or defaced to an extent that a consumer is unable to read and understand its content would not be displayed clearly. The FDIC did not receive any comments opposing this aspect of the proposal.
- The final rule generally adopts the proposed changes, and in response to comments, includes language clarifying that the non-deposit signage requirement applies only to customers of the IDI.
- Consistent with the proposal, the final rule requires IDIs to display non-deposit signage on its ATMs and like devices only for its own customers.

Final Rule Part 328 FDIC Signs (01-22-26)

- The FDIC is adopting the changes as proposed regarding the screens on which the non-deposit sign must be displayed. The “initial transaction page or screen” includes the first screen displayed *upon initiating a transaction* with a non-deposit product.
- Under this final rule, the non-deposit signage is to be displayed instead at the time a user initiates the process of carrying out a transaction with non-deposit products.
- *(c) Limited exception for certain ATMs to display physical official sign.* The physical official sign as described in § 328.2 may be displayed in lieu of the FDIC official digital sign as described in § 328.5(b), for:

  (1) ATMs and like devices placed into service after April 1, 2027, that do not permit an insured depository institution's customer to transact with a non-deposit product; and

  (2) ATMs and like devices placed into service on or before April 1, 2027.

Miscellaneous

NCUA issues 2026 Supervisory Priorities Letter to Credit Unions (01-14-26)

- **Alexandria, VA (January 14, 2026)** — The National Credit Union Administration (NCUA) today announced its 2026 Supervisory Priorities, which continue the agency's policy of "No Regulation by Enforcement," while prioritizing safety and soundness.
- The letter outlines NCUA's priorities for the year and provides information to help credit unions prepare for examinations. This year, the agency will continue to focus on risk-based supervision, tailoring the examination scope to the credit union's unique risk profile.
- **Key Highlights of the 2026 Supervisory Priorities:**
- **Risk-Focused Examinations:** Examiners will concentrate on areas posing the greatest risk to credit union members, the credit union system, and the Share Insurance Fund.
- **Balance Sheet Management and Lending:** With loan performance at its weakest point in over a decade, examiners will review credit risk management practices, underwriting standards, and liquidity planning.
- **Operational and Compliance Risk:** Examiners will conduct their reviews with a continued emphasis on fraud prevention, payment systems security, and compliance with consumer financial protection laws.
- **Efficiency and Innovation:** The agency will implement streamlined examination processes and align with recent legislative and executive directives, including the GENIUS Act.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- **SUMMARY:** The Office of the Comptroller of the Currency (OCC) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.
- The Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act or the Act) was enacted on July 18, 2025. The Act establishes a regulatory framework for payment stablecoin activities. Stablecoins are digital assets, *i.e.*, digital representations of value recorded on a cryptographically secured distributed ledger, such as a blockchain.
- In contrast to many other types of digital assets, stablecoins are intended to maintain a stable value relative to a reference asset, most often fiat currency. Most stablecoin issuers use a pool of high quality and highly liquid reserve assets to back the stablecoin and maintain a stable value.
- Stablecoins often rely on smart contracts (i.e., self-executing programs that automatically enforce agreements between users) for different aspects of their functionality. When an issuer redeems a tendered stablecoin, it typically accepts a stablecoin from a user or third party in exchange for a fixed amount of monetary value, e.g., one dollar. Stablecoins are frequently used to facilitate trading in digital assets and may be used for retail and institutional payments.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- The Act focuses on a subset of stablecoins: payment stablecoins.
- The Act generally prohibits any person other than a permitted payment stablecoin issuer from issuing a payment stablecoin in the United States.
- The OCC will have regulatory or enforcement authority over certain permitted payment stablecoin issuers, including subsidiaries of national banks or Federal savings associations.
- In addition, the OCC will have regulatory authority over foreign payment stablecoin issuers.
- The GENIUS Act's effective date is the earlier of 18 months after the enactment date (July 18, 2025) or 120 days after the primary Federal payment stablecoin regulators issue final regulations implementing the Act.
- Section 5(h) of the GENIUS Act (12 U.S.C. 5904(h)) expressly preempts "any State requirement for a charter, license, or other authorization to do business with respect to a" Federal qualified payment stablecoin issuer or a subsidiary of an OCC-regulated insured depository institution approved to be a permitted payment stablecoin issuer. As a result, these entities are only required to obtain authorization to do business from the OCC, which reduces the unnecessary complexity that would result from requiring these entities to also obtain a charter, license, or other authorization from one or more States. Section 7(f)(4) of the GENIUS Act (12 U.S.C. 5906(f)(4)) provides that nothing in the GENIUS Act preempts State consumer protection laws.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) sets forth the list of activities in which a permitted payment stablecoin issuer may engage. Additionally, section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)) outlines certain additional activities and investments in which permitted payment stablecoin issuers may engage.
- Consistent with the statute, the OCC is proposing to mirror the permitted activities from section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) in proposed § 15.10(a)(1) through (4), which include: (1) issuing payment stablecoins; (2) redeeming payment stablecoins; (3) managing reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law; and (4) providing custodial or safekeeping services for payment stablecoins, required reserves, or private keys of stablecoins consistent with the GENIUS Act, as implemented in proposed subpart C.
- In addition to the activities outlined in section 4(a)(7) of the GENIUS Act (12 U.S.C. 5903(a)(7)), for the sake of clarification, proposed § 15.10(a)(5) provides that permitted payment stablecoin issuers may assess fees that are associated with the purchasing or redeeming of payment stablecoins.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- The GENIUS Act also provides for certain prohibitions for permitted payment stablecoin issuers, including the prohibition on rehypothecation in section 4(a)(2) (12 U.S.C. 5903(a)(2)), the prohibition on the use of deceptive names in section 4(a)(9) (12 U.S.C. 5903(a)(9)), the prohibition against misrepresenting insured status in section 4(e) (12 U.S.C. 5903(e)), and the prohibition on paying interest or yield in section 4(a)(11) (12 U.S.C. 5903(a)(11)).
- Proposed § 15.11 contains requirements applicable to reserve assets. Section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) provides that a permitted payment stablecoin issuer must maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on an at least one-to-one basis and specifies the eight permissible reserve asset types. The one-to-one backing requirement applies at the permitted payment stablecoin issuer-level. An issuer would not comply with this requirement if it did not maintain reserve assets sufficient to meet the one-to-one backing requirement. A permitted payment stablecoin issuer may maintain reserve assets through a custodian, including an affiliate acting as a custodian, as long as the custodian qualifies as an eligible financial institution.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Specifically, proposed § 15.12(a)(1) provides that the issuer must include a timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins (which, under proposed paragraph § 15.12(b)(1)(i) may not exceed two business days following the date of the requested redemption).
- Section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)) provides that the OCC must issue regulations implementing appropriate operational, compliance, and information technology risk management principles-based requirements and standards that are tailored to the business model and risk profile of permitted payment stablecoin issuers and are consistent with applicable law. This provision also requires that Bank Secrecy Act and sanctions compliance standards be implemented. The Bank Secrecy Act and sanctions compliance requirements will be addressed in a different proposed rule.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Proposed § 15.13(a)(1) requires that a permitted payment stablecoin issuer have internal controls and information systems that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for: (i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; (ii) effective risk assessment; (iii) timely and accurate financial, operational, and regulatory reporting, including with respect to reports required under proposed part 15; (iv) adequate procedures to safeguard, manage, control, and monetize assets, including reserve assets; and (v) compliance with applicable laws and regulations. Internal controls refer to the systems, policies, procedures, and processes effected by the board of directors and other personnel to safeguard permitted payment stablecoin issuer assets, limit or control risks, achieve permitted payment stablecoin issuer objectives, and ensure compliance with applicable laws and regulations.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- The OCC proposes that § 15.13(a)(2) require permitted payment stablecoin issuers have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for (i) adequate monitoring of the system of internal controls through an internal audit function, or for a permitted payment stablecoin issuer whose size, complexity or scope of operations does not warrant a full scale internal audit function, a system of independent reviews of key internal controls; (ii) independence and objectivity; (iii) qualified persons responsible for the audit function; (iv) adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings; (v) adequate documentation of tests and findings and any corrective actions; (vi) verification and review of management actions to address deficiencies; and (vii) review by the institution’s audit committee or board of directors of the effectiveness of the internal audit system.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Proposed § 15.13(a)(3) addresses interest rate risk and would require a permitted payment stablecoin issuer to (i) manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities and (ii) provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.
- Increases in interest rates, particularly in short-time periods, can reduce the value of interest-sensitive reserve assets, potentially impacting their marketability and liquidity as well as their fair value. Similarly, changes in interest rates can affect the earnings of permitted payment stablecoin issuers since their earnings may rely in substantial part on interest earned on reserve assets. Likewise, increases in interest rates may reduce the demand for payment stablecoins, particularly since permitted payment stablecoin issuers are prohibited from paying interest to stablecoin holders solely in connection with the holding, use, or retention of payment stablecoins under proposed § 15.10(c)(4).
- The OCC proposes that interest rate risk management standards be included under proposed § 15.13 since it is a risk management standard like the other standards already included in proposed § 15.13.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- The OCC proposes that § 15.13(a)(4) require a permitted payment stablecoin issuer's asset growth to be prudent and commensurate with a permitted payment stablecoin issuer's risk management capabilities, operational capacity, and staffing. While there are no hard limits to how quickly permitted payment stablecoin issuers may grow, permitted payment stablecoin issuers must ensure that growth does not undercut the permitted payment stablecoin issuer's capabilities to comply with the requirements of this rule and other applicable law. For example, rapid issuance of new stablecoins would require rapid increase in reserves, and permitted payment stablecoin issuers must ensure that they maintain the capabilities to maintain these reserves in compliance with proposed § 15.11 and maintain the ability to access and monetize the reserves in order to meet redemption requests.
- Proposed § 15.13(a)(6) addresses insider and affiliate transactions and is intended to protect a permitted payment stablecoin issuer from entering into detrimental transactions with insiders or affiliates. Under proposed paragraph (a)(6)(i), a permitted payment stablecoin issuer would be required to ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates: (1) are not excessive and do not pose significant risks of material financial loss; (2) are conducted on terms that are the same or at least as favorable to the permitted payment stablecoin issuer as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates (or in the absence of comparable transactions, are offered on terms and under circumstances that, in good faith would be offered to, or would apply to non-affiliates or non-insiders); and (3) are appropriately documented and reviewed by the board of directors. Proposed paragraph (a)(6)(ii) would require a permitted payment stablecoin issuer to appropriately monitor and validate compliance with these requirements.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Proposed § 15.13(a)(7) would provide requirements for overseeing third-party service provider arrangements. Specifically, a permitted payment stablecoin issuer must (i) exercise appropriate due diligence in selecting its service providers; (ii) require its service providers by contract to implement appropriate measures designed to meet the requirements of part 15; and (iii) as appropriate, monitor its service providers to confirm they have satisfied their obligations under proposed part 15.
- As part of this monitoring, permitted payment stablecoin issuers should review audits, summaries of test results, or other equivalent evaluations of its service providers.
- Proposed § 15.13(b)(7) would provide that a permitted payment stablecoin issuer must conduct a reasonable investigation when it becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, to determine the likelihood that the information has been or will be misused. The requirements in proposed § 15.13(b)(7) are similar to the requirements codified in supplement A to appendix B to part 30. If the permitted payment stablecoin issuer determines that misuse of customer information has occurred or is reasonably possible, the permitted payment stablecoin issuer must notify the customer or customers affected or possibly affected as well as the OCC as soon as possible.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires that each permitted payment stablecoin issuer shall, upon request, submit to the appropriate Federal payment stablecoin regulator a report on: the financial condition of the permitted payment stablecoin issuer; the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act; and the compliance of the Federal qualified nonbank payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. Section 6(a)(4) of the GENIUS Act (12 U.S.C. 5905(a)(4)) requires the OCC to take certain actions to promote efficiency in the supervision and examination of permitted payment stablecoin issuers. The OCC, in supervising and examining permitted payment stablecoin issuers, to the fullest extent possible, must use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- In addition to the regulations codifying the reporting requirements in section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)),75 pursuant to its supervisory authority in section 6(a)(1) of the Act (12 U.S.C. 5905(a)(1)), the OCC is proposing in § 15.14(h) to require permitted payment stablecoin issuers to submit on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form that will be available at www.occ.gov. At a high level, the OCC is requesting a permitted payment stablecoin issuer provide information regarding the issuance and redemption, trading volume, and reserve assets for each payment stablecoins it issues. The report would include information relating to the blockchains the payment stablecoin is listed on, outstanding issuance value, secondary market activity and price movement, redemption volume and times, detailed information regarding reserve assets, and other relevant information.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Proposed § 15.21 would implement certain minimum principles-based requirements applicable to a covered custodian's provision of custodial and safekeeping services for covered assets to ensure that such covered assets are treated and dealt with as belonging to the covered customers and protected from claims of the covered custodian's creditors, as well as the creditors of any sub-custodian, as applicable, or the claims of any customer's creditors.
- The OCC is also proposing in § 15.21(b) to require that a covered custodian maintain possession or control of covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys. Under the proposal, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of this proposed subpart C.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- Under the proposal, with regards to any payment stablecoin or stablecoin reserve in the form of a tokenized asset held in safekeeping under proposed subpart C, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of the proposed requirement if it can reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable. This requirement is consistent with past OCC guidance on the control of crypto-assets for purposes of safekeeping.
- The OCC is proposing § 15.30 to provide for the licensing of insured national banks, Federal savings associations, and insured Federal branches that seek to establish subsidiaries to issue payment stablecoins and for nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as a Federal qualified stablecoin issuer.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

- In accordance with section 5 of the GENIUS Act (12 U.S.C. 5904), proposed paragraph (a) would require insured national banks, Federal savings associations, and insured Federal branches as well as nonbank entities, uninsured Federal branches, and uninsured national banks to file an application and obtain OCC prior approval before issuing payment stablecoins under the GENIUS Act. Under proposed paragraph (a)(1), any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary would be required to file an application under § 15.30 and receive prior approval from the OCC before issuing payment stablecoins.
- Section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the OCC to establish capital requirements for permitted payment stablecoin issuers.
- Due to the novelty of payment stablecoins and various business models for stablecoin issuers being discussed among industry participants, the OCC believes that setting capital requirements based on individual evaluations of prospective permitted payment stablecoin issuers would be most appropriate at this time.

OCC GENIUS Act Stablecoin Issuer Proposal (03-02-26)

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- Under the proposed rule, regulatory capital for permitted payment stablecoin issuers would consist of two capital elements, common equity tier 1 capital and additional tier 1 capital. These two elements are generally consistent with the capital elements for national banks and Federal savings associations under 12 CFR part 3. These elements consist of common equity, retained earnings, and noncumulative perpetual preferred stock that meet certain terms designed to ensure significant loss-absorbing capabilities.
- The OCC is proposing to establish a minimum capital requirement framework based on the lifecycle of the permitted payment stablecoin issuer. Under this framework, the OCC will establish the minimum capital requirement for a permitted payment stablecoin issuer as part of the chartering or licensing process that will apply for a minimum timeframe, generally three years.

COPPA Age Verification Policy Statement (02-25-26)

- Age verification can play a critical role in protecting children online and helping parents as they monitor their children's online activities. To promote innovation in, and the responsible use of, age-verification mechanisms, the Commission is issuing this enforcement policy statement ("Enforcement Statement") to describe how operators of websites or online services directed to children that do not target children as their primary audience (known as "mixed audience" websites or online services),7F8 as well as operators of general audience sites or services (collectively "Relevant Operators"), can utilize age-verification mechanisms without subjecting themselves to the risk of enforcement under the COPPA Rule.
- The COPPA Rule applies to the collection, use, and disclosure of personal information collected from children. Some Relevant Operators distinguish between children and older users, and seek verifiable parental consent only for users that the Relevant Operators have determined are children. Relevant Operators have often determined a user's age by simply requesting that the user provide his or her age before interacting with the site or service. But a growing number of age-verification mechanisms now enable Relevant Operators to determine age more reliably than a user-provided response to an age-gating function. In response, Relevant Operators have raised questions about how to comply with the COPPA Rule when adopting these mechanisms, to the extent these mechanisms involve the collection of personal information from a child.

COPPA Age Verification Policy Statement (02-25-26)

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- To encourage the use of robust age-verification mechanisms, the Commission will not bring an enforcement action under the COPPA Rule against a Relevant Operator that collects, uses, or discloses personal information for the purpose of determining a user's age ("Age Verification Purposes") without first obtaining verifiable parental consent. The Commission seeks to encourage Relevant Operators to use these mechanisms to determine a user's age more accurately and reliably. These more accurate determinations will in turn allow Relevant Operators to apply their child-protection measures to the fullest extent, thereby protecting more children online. The Commission will, however, exercise its enforcement discretion under the Enforcement Statement only where a Relevant Operator:
  - does not use or disclose information collected for Age Verification Purposes for any purpose other than for Age Verification Purposes;
  - discloses information collected for Age Verification Purposes only to those third parties that the Relevant Operator has taken reasonable steps to determine are capable of maintaining the confidentiality, security, and integrity of the information, including by obtaining written assurances that such third parties will employ reasonable measures to do so, will not use or disclose information collected for Age Verification Purposes for any other purpose, and will delete this information promptly after fulfilling the Age Verification Purposes;

COPPA Age Verification Policy Statement (02-25-26)

- does not retain this information longer than the period necessary to fulfill the Age Verification Purposes, and deletes such information promptly thereafter;
- provides clear notice to parents and children of the information collected for Age Verification Purposes in the Relevant Operator's privacy policy;
- employs reasonable security safeguards for information collected for Age Verification Purposes; and
- takes reasonable steps to determine that any product, service, method, or third party utilized for Age Verification Purposes is likely to provide reasonably accurate results as to the user's age.

- In addition, the Commission will not exercise its enforcement discretion in circumstances described in this Enforcement Statement unless the Relevant Operator is complying with the COPPA Rule's requirements in every other respect with regard to personal information collected from children. This requirement ensures that the COPPA Rule will continue to protect America's children to its fullest extent, while also promoting innovation in the development of age-verification technology.

FDIC Testimony to Congress (02-26-26)

- Chairman Scott, Ranking Member Warren, and Members of the Committee, I am pleased to appear at today's hearing entitled "Update from the Prudential Regulators: Rightsizing Regulation to Promote American Opportunity." I appreciate the opportunity to report on the Federal Deposit Insurance Corporation's (FDIC) recent work to improve our regulatory and supervisory approach across a number of areas, while continuing to fulfill our core mission of insuring deposits, promoting the safety and soundness of banks, and resolving failed institutions.
- In October 2025, the FDIC and the Office of the Comptroller of the Currency (OCC) issued a joint proposed rule that would define an "unsafe or unsound practice" for purposes of section 8 of the Federal Deposit Insurance Act (FDI Act), and would establish uniform standards for matters requiring attention and non-binding supervisory observations as part of the examination process.
- By defining these key terms in a rule, the FDIC intends to ensure supervisory criticisms are focused on the issues most relevant to a bank's safety and soundness.

FDIC Testimony to Congress (02-26-26)

- The FDIC has initiated a process to begin reviewing outstanding supervisory criticisms to close out those that do not align with the new approach, in order to focus supervisory and bank attention on true safety and soundness issues. Once the FDIC issues a final rule, the FDIC will provide more specific instructions to examiners and will continue its reviews to ensure that all past and future supervisory criticisms align with the final rule.
- In January 2026, the FDIC finalized guidelines to establish an Office of Supervisory Appeals to adjudicate appeals of material supervisory determinations. This Office will be a standalone entity within the FDIC, independent of the Divisions that make supervisory determinations, whose sole function is to resolve appeals. The Office will be staffed by reviewing officials who have a deep understanding of banking and direct experience with the supervisory process, with an objective of promoting an independent, apolitical, and consistent appeals process.

FDIC Testimony to Congress (02-26-26)

- The FDIC is also working with the other members of the Federal Financial Institutions Examination Council (FFIEC) to review the Uniform Financial Institutions Rating System, more commonly known as the CAMELS rating system. This review is oriented toward refocusing the CAMELS rating system on material financial risks, including a reevaluation of the definitions of the component ratings.
- In 2025, the FDIC implemented changes to improve the efficiency of the examination process and the timeliness of supervisory feedback by simplifying internal procedures and reducing unnecessary documentation, particularly for well-rated community banks. We are also risk-focusing examination procedures, shortening reports, and reducing documentation for specialty reviews (such as anti-money laundering (AML) and information technology examinations).

FDIC Testimony to Congress (02-26-26)

- The FDIC has historically supervised banks under either a point-in-time examination process or a continuous examination process. Prior to recent changes, nearly all FDIC-supervised banks with $10 billion or more in assets were subject to the continuous examination process, as were a small handful below $10 billion in assets. The FDIC recently raised the threshold for presumptive inclusion in the continuous examination process from $10 billion to $30 billion in assets, while retaining the ability to, on occasion, include a bank below $30 billion in assets if warranted.
- For banks between $10 billion and $30 billion in assets, the FDIC is now applying a hybrid approach with additional attention compared to point-in-time institutions, but fewer reviews, fewer dedicated examiners, and more tailored monitoring than institutions in the continuous examination process.
- In the area of consumer compliance, the FDIC is reducing the frequency of consumer compliance and Community Reinvestment Act (CRA) exams to approximately once every five years, with a midcycle review, for most institutions with less than $3 billion in assets.

FDIC Testimony to Congress (02-26-26)

- In September 2025, the FDIC modified its policies and procedures for terminating cease and desist orders under Section 8(b) of the FDI Act.3 The FDIC's policy now allows for termination of such orders when substantial compliance has been achieved, and the FDIC may deem an institution to have achieved substantial compliance with an order when it has satisfied the essential requirements of the order's purpose or objective, even if minor, isolated requirements have not been fully satisfied.
- In December 2025, the FDIC and the OCC rescinded the 2013 "Interagency Guidance on Leveraged Lending" (2013 Guidance) and the 2014 "Frequently Asked Questions for Implementing March 2013 Guidance on Leveraged Lending" (2014 FAQs).4 The 2013 Guidance and 2014 FAQs were overly restrictive and contributed to a significant drop in leveraged lending market share by regulated banks and significant growth in leveraged lending market share by nonbanks. In place of the 2023 Guidance and 2014 FAQs, the agencies noted several general principles that banks should consider when managing risks associated with leveraged lending.

FDIC Testimony to Congress (02-26-26)

- In November 2025, the FDIC, Federal Reserve, and OCC issued a notice of proposed rulemaking (NPR) proposing targeted amendments to the community bank leverage ratio (CBLR).6 The proposal would lower the CBLR requirement from 9 percent to 8 percent and extend the current two-quarter grace period to four quarters, while establishing a limitation on the amount of time a bank would be able to use the longer grace period to help ensure the grace period is not abused.
- The FDIC is also engaged in interagency work with the Federal Reserve and OCC to modernize risk-based capital requirements, including implementation of the 2017 Basel agreement. The FDIC seeks adjustments to capital rules that appropriately balance driving economic growth while ensuring safety, soundness, and resilience to shocks, and we are coordinating closely with our interagency colleagues with these principles in mind.
- In April 2025, the FDIC modified its approach to resolution planning for insured depository institutions (IDIs). The purpose was to focus the process on the operational information most relevant for the FDIC to (1) resolve a large IDI through a weekend sale or (2) in the event a viable weekend sale proves unavailable, operate the institution for a short period of time while actively marketing it to potential acquirers.

FDIC Testimony to Congress (02-26-26)

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- In November 2025, the FDIC issued a final rule to raise certain thresholds in FDIC regulations and regularly adjust these thresholds in the future to preserve their levels in real terms over time. Among other thresholds, the final rule raised and indexed more than twenty thresholds found in Part 363 of the FDIC's regulations related to audit, internal control, audit committee composition, and related reporting requirements, and will help to provide a more durable regulatory framework by preserving the thresholds' value in real terms over time.
- The FDIC has also been working to improve our BSA-related examinations and regulations. With respect to examinations, the FDIC implemented new examination procedures for low-complexity banks last year, and we continue to look for ways to find greater efficiencies in our BSA examinations. Additionally, the FDIC continues to work with other federal financial institution regulatory agencies, the U.S. Department of the Treasury, and the Financial Crimes Enforcement Network (FinCEN) on broader BSA reforms, including changes to the BSA Program Rule. Specifically, the agencies are drafting a forthcoming NPR to reform AML/countering the financing of terrorism (CFT) compliance obligations for financial institutions under the BSA. The agencies' intent is to improve outcomes from a law enforcement and national security perspective, and to reorient the AML/CFT regulatory and supervisory regime around the outcomes that an institution's reasonably designed AML/CFT program produces, rather than focusing on technical compliance with regulatory requirements. This objective, consistent with the Anti-Money Laundering Act of 2020, is to allow institutions to reallocate resources away from lower-value reporting to higher-value reporting in line with defined AML/CFT priority areas.

FDIC Testimony to Congress (02-26-26)

- The FDIC has also taken steps to modernize our approach to customer identification program (CIP) requirements. In February 2025, I sent a letter to FinCEN expressing support for allowing more flexibility with respect to certain CIP requirements for bank-fintech partnerships. Following that letter, in June 2025, the FDIC, the OCC, and the National Credit Union Administration, with the concurrence of FinCEN, issued an order granting an exemption from a requirement of the CIP Rule implementing Section 326 of the USA PATRIOT Act to allow institutions to collect only the last four digits of a customer's taxpayer identification number (TIN) and then use a trusted third-party to verify the full nine-digit TIN.
- In addition, in August 2025, the FDIC updated its supervisory approach to allow FDIC-supervised institutions to use pre-populated customer information for the purpose of opening an account to satisfy CIP requirements, including information from current or prior accounts or relationships involving the bank or third parties. These actions will allow institutions to take advantage of technology to make it easier to serve their customers.

FDIC Testimony to Congress (02-26-26)

- In October 2025, the FDIC and OCC issued an NPR that would prohibit examiners from (1) criticizing institutions on the basis of reputational risk or (2) directing or encouraging institutions to close accounts on the basis of political, social, religious, or other views.15 The proposed rule would codify the elimination of reputation risk from the agencies' supervisory programs. Additionally, the FDIC sent requests for information to the largest FDIC-supervised banks, conducted a review of FDIC-supervised banks' policies and procedures, conducted an in-depth review of the FDIC's complaint database, and surveyed examiners-in-charge, among other steps.
- Over the last year, the FDIC has taken a more open-minded approach with respect to banks that offer products and services related to digital assets, while maintaining our expectation that such activities are conducted in a safe and sound manner.

FDIC Testimony to Congress (02-26-26)

- In 2025, the FDIC rescinded the agency's 2024 Statement of Policy (SOP) on Bank Merger Transactions and reinstated the legacy SOP that was in place prior to 2024. The 2024 SOP made the FDIC's process for reviewing merger applications longer, more difficult, and less predictable. Restoring the pre-2024 SOP provides greater clarity and predictability to interested parties in the near term. The FDIC also has been conducting a broader reevaluation of its bank merger review process, which includes improving internal timelines for processing merger applications and considering additional updates to modernize our SOP governing bank mergers. We will continue to seek to provide greater clarity, predictability, timeliness, and transparency through the merger process.
- The FDIC is also taking action to enhance the speed and certainty of the branch approval process, which currently places a significant burden on banks and the FDIC while providing little supervisory value. In December 2025, the FDIC issued a final rule to streamline the processes for the establishment and relocation of domestic branches and main offices. The final rule provides that most filings from institutions eligible for expedited processing will be deemed approved three business days after submission; eliminates the FDIC's discretion to remove filings from expedited processing; eliminates filing requirements for de minimis branch facility changes; streamlines filing content requirements; extends the expiration period for an approved filing; and eliminates public notice and public comment requirements for branch applications. The final rule is intended to improve the speed and certainty of, and reduce the regulatory burden associated with, branch and main office filings.

FDIC Testimony to Congress (02-26-26)

- The FDIC is actively working on ways to improve the de novo deposit insurance application process and encourage more new bank formation. We have started to see growing interest in prospective applicants and increased draft and formal filings. Among other things, we are considering modifications to certain of our requirements that may overly restrict de novo formation from traditional community banks, and we are adopting a more open-minded approach to deposit insurance applications from organizers proposing banks with new or innovative business models.
- In June 2025, the FDIC, Federal Reserve, and OCC jointly issued an NPR to rescind the CRA final rule previously issued on October 24, 2023 (2023 CRA Final Rule) and to replace it with the CRA framework that existed prior to the 2023 CRA Final Rule (1995 CRA Regulations). Since banks are currently subject to and examined under the 1995 CRA regulations, the agencies expect minimal regulatory burden would be associated with recodifying those regulations. The public comment period closed on August 18, 2025, and FDIC staff are reviewing the comments received.
- Consumer compliance examiners will no longer pursue evidence of disparate impact liability in fair lending examinations, and we have removed references to disparate impact in FDIC policies, procedures, and resources, including the FDIC Consumer Compliance Examination Manual. Examiners will otherwise continue to evaluate supervised institutions for compliance under the Equal Credit Opportunity Act and the Fair Housing Act.

FDIC Testimony to Congress (02-26-26)

- The FDIC recognizes that payment fraud is a significant—and growing—concern for banks and consumers across the nation. We are engaged in interagency discussions to explore regulatory and policy solutions to address this issue. In June 2025, the FDIC, OCC, and Federal Reserve issued a joint Request for Information (RFI) on potential actions to address payments fraud. The RFI's purpose was to gather information and ideas to help consumers, businesses, and financial institutions mitigate fraud across various payment systems, including checks, Automated Clearing House payments, wire payments, and instant payments.
- The FDIC ceased elevating the management of, or imposing enhanced expectations for, climate-related financial risk relative to other risks addressed by banks' existing risk management processes and the FDIC's other risk management rules and guidance.
- Accordingly, the FDIC dissolved its internal, interdivisional working group on climate-related financial risk last year, and, together with the OCC and Federal Reserve, rescinded interagency guidance providing principles for climate-related financial risk management for large financial institutions. Further, the FDIC withdrew from the Network of Central Banks and Supervisors for Greening the Financial System as its work is outside of the FDIC's authorities and mandate.

Feds Testimony to Congress (02-26-26)

- My testimony today will focus on two areas. First, the current state of the banking sector. Second, progress on my priorities as Vice Chair for Supervision since my confirmation last year.
- I will begin by providing an update on banking conditions. The banking system remains sound and resilient. Banks continue to report strong capital ratios and significant liquidity buffers, which position them well to support economic growth.
- Notably though, non-bank financial institutions continue to increase their share of the total lending market, creating strong competition for regulated banks without facing the same capital, liquidity, and other prudential standards. This competition from nonbanks includes payments and lending.
- Regulated banks must have the tools and flexibility to innovate and compete effectively while maintaining the safety and soundness that defines our banking system. To that end, the Federal Reserve is encouraging banks to innovate to improve the products and services they provide. We have rescinded several policies that were intended to hinder innovation. We are also working with the other banking regulators to develop regulations that include capital and liquidity for stablecoin issuers as required by the GENIUS Act.

Feds Testimony to Congress (02-26-26)

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- Additionally, we will provide clarity regarding the treatment of digital assets to ensure that the banking system is well placed to support digital asset activities. This includes clarity on the permissibility of activities and willingness to provide regulatory feedback on proposed new use cases. As a regulator, it is my role to encourage innovation in a responsible manner, and we must continuously improve our ability to supervise the risks that innovation may present to safety and soundness.
- Community banks are and should be subject to less stringent standards than large banks, and there is significant opportunity to tailor regulations and supervision to the unique needs and circumstances of these banks. We cannot continue to push policies and supervisory expectations designed for the largest banks down to smaller, less risky, and less complex banks.
- Asset growth due, in part, to inflation and economic growth over time has resulted in small banks becoming subject to laws and regulations that were intended for much larger banks. I also support improvements to the Bank Secrecy Act and anti-money laundering framework that will assist law enforcement while minimizing the unnecessary regulatory burden that disproportionately falls on community banks. As an example, the thresholds for Currency Transaction Reports and Suspicious Activity Reports have not been adjusted since they were established, despite decades of significant growth in the economy and financial system. These thresholds should be updated to more effectively focus resources on those transactions and activities that truly are suspicious.

Feds Testimony to Congress (02-26-26)

- We are also modernizing and simplifying the Federal Reserve's regulation of large banks. The Board is considering modifications to each of the four pillars of our regulatory capital framework for large banks: stress testing, the supplementary leverage ratio, the Basel III framework, and the G-SIB surcharge.
- An effective supervisory framework must focus on the core material risks to banks operations and to the stability of the broader financial system. Let me be clear: those core material risks include non-financial risks where they pose threats to safety and soundness. Strong risk management, whether in credit, liquidity, cybersecurity, or operations, remains essential, and we will continue to examine for these risks.
- One example of this implementation is our work on new and existing Matters Requiring Attention (MRAs), ensuring they are based on threats to safety and soundness and are aligned with this guidance using clear language and identifying transparent expectations. This review is an opportunity to recalibrate— to prioritize what truly matters—and it complements the supervision that is ongoing. We will also continue to issue supervisory findings when necessary. It is not a reduction of our supervisory toolkit or approach.
- Another step we are taking to address these concerns is through the review of our CAMELS framework, which has been in place since 1979 with minimal modification. The management ('M') component, for example, has been widely criticized as an arbitrary and highly subjective catch-all category. Establishing clear metrics and parameters for all of the components will ensure transparency and objectivity in our supervisory assessments. Bank ratings should reflect overall safety and soundness, not just isolated deficiencies in a single component.

OCC Testimony to Congress (02-26-26)

- Chairman Scott, Ranking Member Warren, and Members of the Committee, thank you for the opportunity to appear before you. It is an honor to discuss the Office of the Comptroller of the Currency's (OCC) work implementing the President's economic agenda by ensuring that America's federal banking system is safe and sound, and remains the world's most trusted, dynamic, and resilient.
- The Dodd-Frank Act, far from ending too big to fail, created a "moat" around the very largest banks and introduced "too-small-to-succeed." Community banks with less than one billion dollars in total assets have since seen their numbers cut in half. They will benefit, perhaps the most, from a tailored framework that reflects a more rational risk tolerance.
- No American should be denied access to banking products and services because of political or religious beliefs or lawful business activity. We are implementing President Trump's Executive Order on Guaranteeing Fair Banking for All Americans by, among other things, reviewing the activities of the largest national banks and investigating complaints of alleged debanking. We have also proposed a rule to eliminate reputation risk from supervision, a tool too often used to debank politically disfavored individuals or groups. We are intent on ensuring banks provide access to banking products and services based on individualized, objective, risk-based criteria, not politics or ideology.

OCC Testimony to Congress (02-26-26)

- The OCC's support functions have degraded in recent years, posing a risk to our ability to execute our statutory mission. Outward signs of this decline include the hiring of a fraudulent "Chief Financial Technology Officer" in 2022 and an email data breach that took nearly two years to identify and halt. These issues were the tip of the iceberg, and fixing agency operations is a top priority for me. To that end, we are working to ensure accountability for these failures and to recruit qualified and competent individuals.
- The OCC is strengthening its supervision by returning to a risk-based approach rooted in law with an emphasis on examiner judgment, not arbitrary checklists.
- The OCC is working with our interagency partners to repropose the Basel III capital rulemaking, and evaluating opportunities to improve the Community Reinvestment Act framework. These efforts share a common principle: regulation should safeguard the system, not smother it. We are also advancing BSA/AML modernization, and targeted burden relief for community institutions. Taken together, these actions will make our regulatory architecture simpler, stronger, and more accountable.
- The GENIUS Act is this Congress's effort to advance American innovation through payment stablecoins, and we look forward to comments on our proposal to implement it. We also welcome applicants for bank charters.

NCUA Testimony to Congress (02-26-26)

- Chairman Scott, Ranking Member Warren, and members of the committee, thank you for the invitation to discuss the operations, programs, and initiatives of the National Credit Union Administration (NCUA). I am grateful to President Trump, who bestowed a great honor to me when he selected me to serve as the 13th Chair of the NCUA. I also extend my thanks to President Trump and Chairman Atkins for their faith in me and for the recent appointment to the Public Company Accounting Oversight Board. I intend to continue to serve as the NCUA Chairman until my successor is confirmed by the U.S. Senate.
- In other words, for credit unions, we are the OCC, the FDIC, and the Federal Reserve all in one because, in addition to our role as regulator and insurer, we are also a source of emergency liquidity through the Central Liquidity Facility (CLF). The CLF provides member credit unions with a source of loans to meet their liquidity needs.
- It is worth noting that, as the insurer, NCUA's incentives are aligned with the success of the credit unions we regulate. While the agency has not regulated by enforcement as a matter of policy or practice, we recently published our policy that bars regulation by enforcement. We also released a statement reinforcing our commitment to hold credit unions to established, statutory requirements in a fair and transparent manner.

NCUA Testimony to Congress (02-26-26)

- To right-size our approach to safety and soundness, NCUA is doing several things to capitalize on the opportunities created by the Trump Administration to foster innovation. As a first priority, last December, NCUA launched the NCUA Deregulation Project – a long-term initiative aimed at meticulously reviewing and revising regulations to remove any that are obsolete, duplicative of statute, intended to serve as guidance not requirements, or unduly burdensome requirements. NCUA currently has 21 Notices of Proposed Rulemaking available for public comment in the Federal Register, with more expected. Four Notices of Proposed Rulemaking have closed and comments are under review.
- The agency is also developing a new strategic plan, which will guide our priorities through 2030.

NCUA Testimony to Congress (02-26-26)

- In compliance with applicable legislation, Executive Orders, and OPM guidance, NCUA is undergoing a significant organizational and workforce transformation. The agency realized an extraordinary 23 percent workforce reduction in 2025 with the voluntary separation program driving this change.
- We are reengineering operations by simplifying policies, refining processes, aligning staff with strategic priorities, and modernizing tools and technology to support NCUA's long-term success. As we eliminate redundancies and focus on our core mission, we do so with a workforce that has actively chosen to be a part of NCUA's future.

NCUA Testimony to Congress (02-26-26)

- Before the GENIUS Act passed, credit unions and their members were receptive to the avenues for convenience and efficiency promised by digital assets and distributed ledger technology.
- Credit unions should expect a consistent approach to new technologies from their regulator, one that allows them the freedom to explore and use these technologies to benefit their members with the expectation that they are doing their due diligence to evaluate the risks and comply with applicable laws. This pragmatic and consistent approach to innovative technology has served NCUA and credit unions well as both navigate the rapidly evolving digital asset and legal environments.
- On February 12, 2026, the NCUA's notice of proposed rulemaking addressing the approval and licensure of payment stablecoin issuers was published in the Federal Register. This proposal details the process for federally insured credit unions and their subsidiaries to seek an NCUA permitted payment stablecoin issuer license, how those applications will be evaluated by the NCUA, and appeal rights for denied applications.

NCUA Testimony to Congress (02-26-26)

- To that end, the agency added an AI Resources page to our website in August 2025. The new webpage provides resources on AI-specific risk management considerations to help credit unions make informed decisions when implementing AI or partnering with AI service providers. Specifically, the webpage addresses AI implementation, risk management, data security, use cases, and cybersecurity risks. Whether a credit union is beginning to explore AI solutions or is seeking to enhance existing AI risk management practices, NCUA's AI resources page has information to support any stage of the AI integration process.
- Over the past several years, NCUA improved the chartering process by simplifying and clarifying the application process, and by establishing a provisional charter to expand applicants' options. The agency has chartered 19 new federal credit unions since 2020 and provided federal share insurance coverage for one state-chartered credit union.
- NCUA continues to work on ways to make it easier to establish a federally chartered credit union.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- The CFPB's FY 2026 - FY2030 Strategic Plan includes three goals arising from and aligning with the President's economic strategy and management agenda. Through the implementation of Goal 1, the CFPB will concentrate its resources on identifying and addressing pressing threats to consumers to ensure that Americans have fair access to markets, products, and services and can participate in a strong economy. Goal 2 aims to reduce regulatory overreach by streamlining existing regulations and reducing unjustified burdens. The initiatives in Goal 3 are internally-focused efforts that support the Bureau in executing the President's goal of improving the performance and management of the Federal Government.
- An overview of the objectives associated with each goal is included below.

Goal 1: Address Pressing Threats to Consumers	**Obj 1.1:** Guarantee fair banking for all Americans
	Obj 1.2: Detect and assess market risks and trends that present tangible harms to consumers
	Obj 1.3: Supervise institutions for compliance with federal consumer financial laws focusing on conciliation, correction, and remediation of consumer harm
	Obj 1.4: Implement and enforce consumer financial law consistently to ensure that markets, products, and services are fair, transparent, and competitive
	Obj 1.5: Educate and empower consumers to make informed decisions about consumer financial products and services

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

Goal 2: Reduce Unwarranted Regulatory Burdens	**Obj 2.1:** Systematically identify and address outdated, unnecessary, or unduly burdensome regulations **Obj 2.2:** Prevent regulatory overreach and ensure effective use of regulatory resources
Goal 3: Strengthen our Governance and Culture	**Obj 3.1:** Ensure accountability, streamline organizational resources, and eliminate waste **Obj 3.2:** Leverage technology to deliver faster, more secure services **Obj 3.3:** Foster a merit-based federal workforce

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- To advance the President's agenda, the CFPB will concentrate its resources on identifying and addressing pressing threats to consumers, particularly those impacting servicemembers, veterans, and their families.
- The CFPB will target addressing tangible fraud, where there are identifiable victims with material and measurable damages.
- Finally, the CFPB will seek to redress tangible harm by getting money back directly to consumers rather than imposing penalties to fill the Bureau's penalty fund. The CFPB takes these steps in the interest of focusing resources on supporting hard-working American taxpayers, servicemembers, veterans, and small businesses.
- The CFPB will also work to ensure that unlawful debanking is not used as a tool to inhibit constitutionally or statutorily protected beliefs, affiliations, or political views, and that banking decisions are instead made on the basis of individualized, objective, and risk-based analyses. Finally, the administration is focused on building financial literacy starting at an early age and continuing through adulthood to provide a pathway to individual financial freedom and security. A key component of the CFPB's programs to improve financial literacy is equipping consumers with the tools to identify and avoid increasingly sophisticated fraud schemes, helping them protect their personal finances.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 1.1: Guarantee fair banking for all Americans**
- STRATEGIES
  - Partner with other financial regulators, including the Department of Justice, on its Debanking Task Force to deploy a comprehensive strategy to combat politicized or unlawful debanking activities.
  - Remove the use of reputational risk or equivalent concepts that could result in politicized or unlawful debanking from guidance documents, manuals, and other materials used to regulate or examine financial institutions.
  - Review supervisory and complaint data, and create a channel for external feedback, to identify financial institutions subject to the CFPB's jurisdiction that have had any past or current, formal or informal, policies or practices that require, encourage, or otherwise influence such financial institution to engage in politicized or unlawful debanking and to take appropriate remedial action, to the extent authorized and consistent with applicable law.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 1.2: Detect and assess market risks and trends that present tangible harms to consumers**
- STRATEGIES
  - Collect, investigate, and respond to consumer complaints for financial products and services to identify risks to consumers and promote the proper functioning of such markets.
  - Implement new measures that identify and remove improper submissions to the Bureau’s complaint system thereby focusing attention and resources toward addressable concerns raised by consumers.
  - Research, analyze, and report on developments in markets for consumer financial products or services, including emerging market areas of alternative products or services with high growth rates and potential risk to consumers.
  - Provide financial institutions, service providers, and other entities with tools and resources to support implementation and compliance with consumer financial protection laws.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 1.3: Supervise institutions for compliance with federal consumer financial laws focusing on conciliation, correction, and remediation of consumer harm**
- STRATEGIES
  - Minimize duplicative supervision or supervision outside of the CFPB’s authority, including supervision under novel legal theories that attempt to expand the CFPB’s jurisdiction.
  - Focus supervision resources on institutions and their product lines that pose the greatest risk to consumers based on the nature of the product, field and market intelligence, and the size of the institution and product line.
  - Collaborate with supervised entities to resolve problems so that there are measurable benefits to consumers.
  - Shift the focus of supervisory activity to depository institutions, as opposed to non-depository institutions.
  - Coordinate exams’ timing with prudential regulators and state bank regulatory authorities when feasible to maximize resources and minimize duplicative supervision.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 1.4: Implement and enforce consumer financial law consistently to ensure that markets, products and services are fair, transparent, and competitive**
- STRATEGIES
  - Ensure that the CFPB's enforcement activities do not go beyond its statutory mandate.
  - Provide oversight and enforcement of federal fair lending laws without engaging in or facilitating unconstitutional racial classification or discrimination.
  - Prioritize enforcement resources on pressing threats to consumers and on actual consumer harm, where there are identifiable victims with material and measurable consumer damages.
  - Focus on protecting servicemembers, their families, and veterans, providing redress for harm.
  - Minimize duplicative enforcement, where state regulators, law enforcement authorities, or other federal regulators are currently engaged in or have concluded an investigation into the same matter.
  - Promote the use of technology solutions to ensure compliance with federal consumer financial laws.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 1.5: Educate and empower consumers to make informed decisions about consumer financial products and services**
- STRATEGIES
  - Research, analyze, and report on consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services as well as consumer behavior with respect to such products or services.
  - Facilitate the collection, monitoring, and response to consumer complaints and inquiries regarding consumer financial products and services.
  - Develop and implement relevant, effective, and responsive financial education programs and digital resources to improve the financial literacy of consumers.
  - Promote financial literacy programs that equip consumers, particularly servicemembers, veterans, and older Americans, with the tools to identify and avoid increasingly sophisticated fraud schemes.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 2.1: Systemically identify and address outdated, unnecessary, or unduly burdensome regulations**
- STRATEGIES
  - Engage in rulemaking, where appropriate, to address unwarranted regulatory burdens.
  - Review individual regulations or parts of regulations to identify opportunities for clarification, modernization, and streamlining.
  - Evaluate the potential benefits and costs of contemplated regulations.
  - Create meaningful channels for feedback with respect to existing regulations and alternative approaches to regulation.
  - Conduct empirical assessments to evaluate the effectiveness of significant CFPB rules in achieving the purposes and objectives of 12 U.S.C. § 5511 and the specific goals stated by the CFPB.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

- **Objective 2.2: Prevent regulatory overreach and ensure effective use of regulatory resources**
- STRATEGIES
  - Minimize regulatory burden by eliminating duplicative supervision or supervision outside of the CFPB's authority.
  - As appropriate, share information, coordinate activity, and promote best practices with fellow supervisory and law enforcement agencies to ensure the most effective use of resources.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

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- **Objective 3.1: Ensure accountability, streamline organizational resources, and eliminate waste**
- STRATEGIES
  - Mature and maintain a culture of transparency and continuous improvement to support the highest and best use of resources and minimize the risk of waste, fraud, and abuse.
  - Articulate expected outcomes for agency programs during the strategic planning and budget formulation processes, track impact, and report results to the American public, Congress, and the President.
  - Ensure contracts go to high performing recipients and hold contractors accountable.
  - Assess the CFPB's real estate needs and right size the Bureau's footprint.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

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- **Objective 3.2: Leverage technology to deliver faster, more secure services**
- STRATEGIES
  - Ensure the Bureau is implementing secure, digital-first services.
  - Consolidate and standardize systems, while eliminating redundancies.
  - Maintain agile enterprise systems that enable efficient operations and effective mission delivery.
  - Expand the use of Federal shared services to streamline administrative functions and leverage cross-government expertise.
  - Assess CFPB's digital footprint to address any confusing government websites.

CFPB Draft Strategic Plan FY 2026-2030 (03-31-26)

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- **Objective 3.3: Foster a merit-based federal workforce**
- STRATEGIES
  - Implement all Presidential directives pertaining to employee performance and accountability.
  - Revise the Bureau's performance and compensation systems to identify and reward high performers and appropriately address issues of low performers.
  - Recruit, hire, and retain employees based on merit and skills and hold employees accountable for results aligned with Bureau priorities.
  - Identify and eliminate unlawful diversity, equity, and inclusion practices.
  - Realign the organization to eliminate non-essential roles, streamline functions, and optimize resources for core mission delivery.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

- The FDIC supervises approximately 2,755 state-chartered banks and thrifts that are not members of the Federal Reserve System (supervised institutions). Most of these institutions are community banks that provide credit and services locally. The FDIC examines supervised institutions for compliance with federal consumer financial protection laws.
- Overall, the FDIC’s consumer compliance supervision actions in 2025 revealed that our supervised institutions continue to maintain effective compliance management systems (CMS) and take appropriate steps to identify and mitigate risks to consumers.
- As of December 31, 2025, 98 percent of all FDIC-supervised institutions were rated satisfactory or better for consumer compliance (i.e., ratings of “1” or “2”), and 98 percent were rated “Outstanding” or “Satisfactory” for the Community Reinvestment Act (CRA).
- Institutions rated less than satisfactory for consumer compliance (i.e. ratings of “3,” “4,” or “5”) had overall CMS weaknesses, which often resulted in violations of law and either potential or actual consumer harm. Institutions rated “Needs to Improve” or “Substantial Noncompliance” for CRA represented a weak performance under the lending, investment and service tests, the community development test, the small bank performance standards, or an approved strategic plan, as applicable.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

- This publication focuses on the five most frequently cited Level 3 or Level 2 violations.
- The FDIC cited 1,155 violations of consumer protection statutes and regulations in 2025. Together, the top five most frequently cited violations represented 875 violations or approximately 75 percent of the total violations cited in 2025. As illustrated in the chart that follows, the Truth in Lending Act (TILA) and its implementing regulation, Regulation Z, represented 462 violations; the Electronic Fund Transfer Act (EFTA) and its implementing regulation, Regulation E, represented 136 violations; the Flood Disaster Protection Act (FDPA) and its implementing regulation, 12 CFR Part 339, represented 131 violations; the Truth in Savings Act (TISA) and its implementing regulation, Regulation DD, represented 74 violations; and the Home Mortgage Disclosure Act (HMDA) and its implementing regulation, Regulation C, represented 72 violations. While this list contains the same laws and regulations from our 2025 publication, EFTA moved from the fourth most frequently cited violation to the second most frequently cited violation.
- Because the FDIC conducts consumer compliance examinations using a risk-focused methodology, the most frequently cited violations generally involve statutes and regulations that represent the greatest potential for consumer harm.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

- **TILA/Regulation Z:** The three TILA violations cited most frequently were: 1) 15 U.S.C. § 1638 and 12 CFR § 1026.19(e), which requires a creditor to provide the consumer with good faith estimates of the disclosures required by § 1026.37 for closed-end transactions secured by real property and provides specific timing requirements; 2) 15 U.S.C. § 1604 and 12 CFR §§ 1026.38(f) – (k), which requires the creditor to provide a detailed breakdown of all loan costs associated with closed-end credit transactions secured by real property, listed in a prescribed table format; and 3) 12 C.F.R. § 1026.38(o), which requires the creditor to disclose the total of payments, finance charge, amount financed, annual percentage rate, and total interest percentage on the Closing Disclosure for certain home mortgage transactions. Collectively, these violations comprised 28 percent of the total TILA violations cited in 2025.
- **EFTA/Regulation E:** The most cited EFTA/Regulation E violation related to investigations of electronic fund transfer errors. The two violations most frequently cited were: 1) 15 U.S.C. § 1693f and 12 CFR § 1005.11(c), which requires a financial institution to investigate allegations of electronic fund transfer errors, determine whether an error occurred, report the results to the consumer, and correct the error within certain timeframes; and 2) 15 U.S.C. § 1693f and 12 CFR § 1005.11(d), which requires a financial institution to follow certain procedures if the financial institutions determines that no error occurred or that an error occurred but in a manner or different amount than asserted by the consumer. These two sections represented 74 percent of the total EFTA violations cited in 2025.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

- **FDPA/12 CFR Part 339:** The most cited FDPA/Part 339 violation related to institutions' failure to provide flood insurance, when required. Under 42 U.S.C. § 4012a(b) and 12 CFR § 339.3(a), adequate flood insurance must be in place at the time a loan secured by a building or mobile home located in a special flood hazard area is made, increased, extended, or renewed. This section represented 41 percent of the total FDPA violations cited in 2025.
- **TISA/Regulation DD:** TISA/Regulation DD requires banks to provide clear disclosures about the terms and costs of consumer deposit accounts. For institutions with TISA/Regulation DD violations, the most common violations involved institutions failing to provide accurate disclosures. The two TISA violations cited most frequently were: 1) 12 U.S.C. § 4303 and 4305 and 12 CFR §§ 1030.3, which requires the institution to make disclosures required by §§ 1030.4 through 1030.6 clearly and conspicuously, in writing, and in a form the consumer may keep; and 2) 12 U.S.C. §§ 4303-4305 12 CFR §§ 1030.4(a) and (b) which sets forth general requirements for providing disclosures to consumers before opening an account and details the specific information that must be included in the deposit account disclosures such as information on rates, compounding and crediting of interest, balance computation, fees, transaction limitations, features of time accounts, and bonuses.
- **HMDA/Regulation C:** HMDA/Regulation C requires financial institutions to collect, report, and publicly disclose data about their mortgage lending activity. For institutions with HMDA/Regulation C violations, the most common violations involved institutions failing to provide sufficient data for one or more of the required data fields.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

- The FDIC's National Center for Consumer and Depositor Assistance, Consumer Response Unit (CRU), closed 32,128 written complaints (including webform submissions) and telephone call records in 2025 compared to 26,451 written complaints and telephone call records closed in 2024. This represents a 21 percent increase. In 2025, the CRU acknowledged 100 percent of written complaints within 14 days and responded to 98.9 percent of complaints within established performance goal timeframes.
- One or more third-party providers (TPPs) were identified among 6,356 consumer complaint cases in 2025, representing nearly a 48 percent increase from 2024 when 4,282 complaints involved one or more. A TPP is a non-bank financial company that performs one or more services on behalf of banks, such as credit card servicing and processing, payment processing, and transaction error dispute resolution. A violation of a federal consumer protection regulation was identified in 34 consumer complaint cases involving a TPP in 2025.
- The top four banking products and topics complained about in 2025 were credit cards (5,783), checking accounts (3,106), installment loans and consumer lines of credit (CLOC) (3,014), and loans-other6 (1,549).

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

MOST COMMON ISSUES IN CONSUMER COMPLAINTS AND INQUIRIES INVOLVING AN FDIC-SUPERVISED INSTITUTION	
Credit Reporting	35%
Discrepancy Transaction Error	8%
Unable to Provide Requested Service*	5%
Disclosures	4%
Collection Practices	4%
Billing Disputes and Error Resolution	3%
Account Opened Without Knowledge	3%
Account Block	3%
Account Closure	3%
Fees and Finance Charges	2%
Funds Availability/Hold Notifications/Release of Funds	2%
Customer Identification Program	1%
Contractual Terms not subject to Disclosure requirements	1%
Crediting of payments	1%
Adverse Action Notice	1%
Interest Rates	1%

* Includes service disruption issues and other service-related concerns when customers cannot immediately access their accounts.

Consumer Compliance Supervisory Highlights Spring 2026 (03-31-26)

MOST COMMON PRODUCT COMPLAINTS REVIEWED BY THE CRU IN 2025	% OF PRODUCTS COMPARED TO TOTAL VOLUME					MOST COMMON ISSUES (2025) (% OF PRODUCT TOTALS)
	2021	2022	2023	2024	2025	
Credit Cards	23%	30%	30%	29%	31%	1. Credit Reporting Errors (59%) 2. Billing Disputes and Error Resolution (8%) 3. Collection Practices (8%)
Checking Accounts	23%	22%	23%	19%	17%	1. Discrepancy Transaction Error (36%) 2. Account Closure (15%) 3. Account Block (12%)
Installment Loans/ Consumer Lines of Credit (CLOC)*	15%	14%	13%	12%	16%	1. Credit Reporting Errors (54%) 2. Disclosures (9%) 3. Collection Practices (6%)
Loan - Other**	0%	0%	0%	1%	9%	1. Credit Reporting Errors (88%) 2. Collection Practices (6%) 3. Account Opened Without Knowledge (3%)

* Installment loans and consumer lines of credit are combined due to the difficulty in determining the type of loan.
** This product represents cases where the type of loan could not be determined based on provided documentation.

Miscellaneous Odds and Ends

- The FCC delays the “revoke rule” until January 31, 2027 – 1/6/26

  DA-26-12A1.pdf

- National bank chartering

  National Bank Chartering notice of proposed rulemaking

- NCUA issues proposals to reduce regulatory burden or duplicative regulations 1/13/26, 1/27/26, 2/10/26, 2/24/26, 3/10/26 and 3/24/26

  Federal Register :: Chartering and Field of Membership for Federal Credit Unions-Interpretive Rulings and Policy Statements

  Federal Register :: Chartering and Field of Membership for Federal Credit Unions-Interpretive Rulings and Policy Statements

  Federal Register :: Corporate Credit Unions

  Federal Register :: Nondiscrimination Requirements

  Federal Register :: Public Unit and Nonmember Shares

  Federal Register :: Notice of Termination of Excess Insurance Coverage

  Federal Register :: Requirements for Insurance; Maximum Borrowing Authority

  Federal Register :: Requirements for Insurance

Miscellaneous Odds and Ends

Federal Register :: Bank Conversions and Mergers, Subpart A-Conversion of Insured Credit Unions to Mutual Savings Banks

https://www.federalregister.gov/documents/2026/02/11/2026-02764/mergers-of-insured-credit-unions-into-other-credit-unions-voluntary-termination-or-conversion-of

Federal Register :: Chartering and Field of Membership for Federal Credit Unions-Interpretive Rulings and Policy Statements

Federal Register :: Post-Election Training for New Board Members

Federal Register :: Compensation in Connection With Loans to Members and Lines of Credit to Members

Federal Register :: Purchase, Sale, and Pledge of Eligible Obligations

Federal Register :: Refund of Interest

Federal Register :: Credit Union Service Contracts

Federal Register :: Statutory Liens

NCUA Announces Seventh Round of Deregulation Proposals | NCUA

NCUA Announces Eighth Round of Deregulation Proposals | NCUA

Miscellaneous Odds and Ends

- CFPB issued its annual performance report 1/14/26

    [CFPB Report]

- Guidelines for Appeals of Material Supervisory Determinations 1/26/26

    federal-register-notice-office-supervisory-appeals.pdf

- FTC sends reminders to 13 data brokers to warn of need to comply with PADFAA 2/9/26

    FTC Reminds Data Brokers of Their Obligations to Comply with PADFAA | Federal Trade Commission

- NCUA proposes framework for applicants seeking approval as permitted payment stablecoin issuer

    https://ncua.gov/newsroom/press-release/2026/ncua-proposes-rule-permitted-payment-stablecoin-issuer-applications

- FTC revises, withdraws and removes the following 2/12/26

    Federal Register :: Revision of the Negative Option Rule, Withdrawal of the CARS Rule, Removal of the Non-Compete Rule To Conform These Rules to Federal Court Decisions

Miscellaneous Odds and Ends

- Fed, OCC and FDIC rescind public FAQs about liquidity coverage ratio 2/10/26

  Federal Reserve Board - Liquidity Coverage Ratio FAQs

  Liquidity Coverage Ratio: Frequently Asked Questions (Revised February 2026) | FDIC.gov

  Liquidity Coverage Ratio FAQs

- Treasury is accepting whistleblower tips on fraud, money laundering and sanctions violations. 2/13/26

  Treasury Accepting Whistleblower Tips on Fraud, Money Laundering, Sanctions Violations | U.S. Department of the Treasury

- Study estimates costs to consumers of CFPB 2/17/26

  estimating-cost-cfpb-to-consumers_2026-02.pdf

- GAO issues report on the effects of a downsized CFPB 1/27/26

  GAO-26-108448, Consumer Financial Protection Bureau: Status of Reorganization Efforts

- OCC issues final rule amending licensing rules for community banks under $30 billion in assets 3/4/26

  Federal Register :: Community Bank Licensing Amendments

- NCUA issues a new charter system 3/31/26

  NCUA Releases New Charter System | NCUA

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