

FINREG Focus

U.S. Financial Services Regulatory Center Update

February 23, 2026

Executive Summary

This update's headline items:

1. Federal Reserve Board (FRB) highlights tailoring, capital reform, and risk-focused supervision in dual addresses to bankers
2. National Credit Union Administration (NCUA) schedules webinar to brief credit unions on 2026 supervisory priorities
3. Office of the Comptroller of the Currency (OCC) proposes major overhaul of bank supervisory appeals process
4. The Securities and Exchange Commission (SEC) offers guidance on crypto asset activities and distributed ledger technology

Overview of Key Developments

1. As part of a busy week of public remarks, FRB Vice Chair for Supervision Michelle Bowman outlined the agency's regulatory priorities and reinforced its approach to supervision.

Federal Reserve Supervisory Outlook

During the [FRB of Atlanta's 2026 Banking Outlook Conference](#), Bowman outlined the agency's evolving supervisory and regulatory priorities across both community and larger banking organizations. She also emphasized the commitment to regulatory tailoring, highlighting that supervisory expectations must reflect the actual risk profile of institutions rather than a one-size-fits-all approach.

For community banks, efforts are underway to streamline merger and de novo processes, modernize competitive analysis, and revisit the community bank leverage ratio to ensure capital standards remain practical while appropriately stringent. In addition, the agency intends to revisit the mutual bank capital framework to provide additional flexibility where appropriate.

For large institutions, Bowman stressed the ongoing modernization of the four pillars of the capital framework: stress testing, the supplementary leverage ratio, Basel III implementation, and the globally systemically important bank (GSIB) surcharge.

On supervision, she reiterated a shift in the agency's supervisory focus toward core financial risks that could lead to a deterioration in financial condition or a bank's failure and away from procedural issues that do not pose meaningful financial risk. Notably, the FRB plans to conduct a comprehensive review of all outstanding matters requiring attention (MRAs) by the end of June 2026 to ensure they reflect meaningful risk concerns. If the review determines an MRA does not meet this standard, then the agency will downgrade them to nonbinding supervisory observations. While financial risks remain the priority, Bowman underscored that nonfinancial risks, e.g., cybersecurity, continue to be essential supervisory considerations.

Potential Shift in Capital Policy for Mortgage Lending

In an [address at the American Bankers Association's Community Bankers Conference](#), Bowman signaled potential changes to regulatory capital rules for community and regional banks aimed at improving bank participation in residential mortgage lending and servicing. It was noted that mortgage activity has steadily migrated to nonbank lenders, due in part to the capital treatment that may not reflect underlying risk. As such, the agency plans to advance two proposals: one that would ease the capital treatment for mortgage servicing rights and another to introduce more risk sensitive, loan-to-value based mortgage capital requirements.

A shift toward risk-sensitive treatment of mortgage exposures means institutions could face a more data-intensive framework, requiring them to strengthen the accuracy, granularity, and governance of loan-level data across the mortgage life cycle. In addition, it is possible that the proposal could include additional elements in light of the lessons learned from the 2023 bank failures, e.g., reconsideration of the Accumulated Other Comprehensive Income filter for certain smaller banks. These targeted revisions suggest an effort to better align capital requirements with actual risk, potentially creating conditions for banks to re-engage in mortgage markets.

For more details, see our alert: [Forvis Mazars' View: The Revitalization of Bank Mortgage Lending](#).

2. The NCUA hosted a webinar to explain its [2026 Supervisory Priorities Letter to Credit Unions](#), offering insight and setting examination expectations for the year. Among the topics discussed, the NCUA emphasized strengthened balance sheet and credit risk management, liquidity and sensitivity to market risk, and forward-looking capital and earnings analysis. For the upcoming examination cycle, examiners are expected to take a sharper look at underwriting standards, loss-mitigation approaches, allowance for credit loss methodologies, concentration limits, and third-party lending arrangements. Interest-rate risk and contingency liquidity planning remain central supervisory concerns, and credit unions are expected to develop robust interest rate risk measurement and scenario analyses.

Operational risk priorities include evolving payment systems vulnerabilities, vendor governance controls, and heightened fraud exposure. Credit unions are encouraged to reinforce internal controls, expand employee/member education, and ensure timely incident reporting to law enforcement and NCUA channels. BSA/AML modernization continues, with forthcoming FinCEN/NCUA guidance requiring risk-based program adjustments.

Practically, the agency is streamlining processes by extending examination cycles for lower-risk institutions, reducing document requests, and keying in on risk-focused reviews, while pursuing deregulatory efforts to eliminate outdated requirements.

3. The OCC issued [a notice of proposed rulemaking](#) to substantially revise the appeals process for OCC-supervised banks. The proposal aims to enhance the independence, transparency, and credibility of the appeals process while preserving the OCC's ability to supervise effectively. Key provisions of the proposal include:

- Creation of an independent "Appeals Board," consisting of the Chief National Bank Examiner and two external, term-limited appointees, to serve as the final decision maker for supervisory appeals;
- Adoption of a de novo standard of review, which positions the appeal as non-deferential allowing the Appeals Board to assess supervisory determinations without consideration to previous conclusions;
- Strengthened anti-retaliation protections for institutions that file an appeal;
- Expanding and clarifying the scope of covered entities, e.g., would include uninsured national trust banks and certain institution affiliated parties, and appealable determinations;
- Clearer standards for instances where an appealed determination may be stayed during the appeals process, with particular consideration given to smaller institutions;
- Expedited appeals timeframes for determinations that could result in an institution becoming critically undercapitalized, recognizing the need for timely resolution in high-risk situations; and
- Updates the ombudsman's role from serving as a decision maker to acting as an impartial liaison, supporting institutions throughout the appeals process, and addressing concerns related to retaliation or supervisory misconduct.

Public comment on all aspects of the proposal are requested by April 20, 2026.

4. The [SEC's guidance on crypto asset activities and distributed ledger technology](#) clarifies how federal securities laws apply to firms operating in the digital assets market. Through a series of frequently asked questions (FAQs), the SEC outlines expectations for broker-dealers, alternative trading systems operators, custodians, and market participants handling crypto assets that may qualify as securities. The guidance reinforces that traditional regulatory requirements such as risk management considerations, consumer protection and safeguarding customer assets, and sound operational and technological controls, among other topics, fully extend to novel crypto activities. Notably, the SEC provides explicit expectations for broker-dealers: proprietary positions in bitcoin or ether should have a haircut of 20% under Appendix B of Rule 15c3-1, while payment stablecoins in proprietary accounts should have a haircut of 2%. The FAQs also emphasize that firms engaged in the crypto business should maintain proper books and records, ensuring operational transparency across all business lines. Overall, the guidance offers practical direction aiding firms to align crypto operations with established regulatory frameworks.

Recent Key Regulatory Developments

U.S. Department of the Treasury

Date	Topic	Summary
2/18	Treasury Announces Initiative to Strengthen Cybersecurity and Risk Management for Artificial Intelligence (AI)	Treasury announced a public-private initiative that brings together financial institutions, regulators, and industry groups to develop and release a set of resources focused on governance, data practices, transparency, fraud, and digital identity to support secure and resilient use of AI in the financial sector.
2/18	Treasury and IRS Issue Notice Providing Interim Guidance on the Corporate Alternative Minimum Tax (CAMT)	Notice 2026-7 provides expanded interim guidance on CAMT by allowing specified adjustments to adjusted financial statement income (AFSI) for items such as tax repairs, amortization of certain intangibles, domestic research costs, qualified production expenses, materials and supplies, and certain domestic and cross-border transactions, pending final regulations.

Federal Financial Institutions Examination Council

Date	Topic	Summary
2/13	Changes to Uniform Bank Performance Report (UBPR) Peer Groups Effective February 26, 2026	The FFIEC will revise UBPR peer groups for commercial banks with assets under \$300 million by eliminating office-count and MSA location factors and relying solely on asset size to restore meaningful peer group populations and reduce outlier distortion.

Federal Reserve Board

Date	Topic	Summary
2/19	FRB Announces Hybrid Public Outreach Meeting Under EGRPRA Review	The FRB announced it will hold a hybrid public outreach meeting on March 26, 2026 as part of its review of regulations under the <i>Economic Growth and Regulatory Paperwork Reduction Act</i> , providing stakeholders an opportunity to comment on whether existing supervisory rules are outdated, unduly burdensome, or unnecessary.

Office of the Comptroller of the Currency

Date	Topic	Summary
2/17	OCC Requests Comment on Proposed Rulemaking on the Bank Appeals Process	The OCC issued a proposed rule that would revamp its bank appeals process by creating an independent Appeals Board, applying a de novo standard of review, and strengthening safeguards against retaliation to give banks a more credible path to challenge supervisory determinations.

National Credit Union Administration

Date	Topic	Summary
2/18	Permissible Loan Interest Rate Ceiling Extended	The NCUA Board approved to continue the temporary 18% interest rate ceiling for loans made by federal credit unions (FCUs) through September 10, 2027. In addition, the approval continues the payday alternative loan maximum interest rate offering up to 28% for FCUs.

Securities and Exchange Commission

Date	Topic	Summary
2/13	SEC Announces 45th Annual Small Business Forum on Capital Formation	The SEC announced it will host its 45th Annual Small Business Capital Formation Forum on March 9, 2026, bringing together entrepreneurs, investors, and policymakers to develop and prioritize recommendations to improve capital-raising policy for small businesses and smaller public companies.
2/17	SEC Updates Compliance and Disclosure Guidance on Securities Act Rules and Regulation Crowdfunding	The SEC updated Compliance and Disclosure Interpretations clarifying application of <i>Securities Act</i> rules and regulation crowdfunding, including new guidance on offering mechanics and disclosure requirements.
2/18	SEC Proposes Amendments to Reduce Burdens in Reporting of Fund Portfolio Holdings	The SEC proposed amendments to Form N-PORT to reduce reporting burdens on registered funds by extending filing deadlines, streamlining or removing certain data items, and reducing the frequency of public portfolio-holding disclosures while maintaining regulatory and investor visibility.
2/18	SEC Staff Clarifies Application of Amended Investment Company Names Rule	New FAQs explain how funds should apply the SEC's 2023 amendments to Rule 35d-1, including when fund names trigger an 80% investment policy, how that policy may be adopted or revised, and how common naming terms are interpreted.
2/19	SEC Issues FAQs on Crypto Asset Activities and Distributed Ledger Technology	The SEC published staff FAQs explaining how certain broker-dealer financial responsibility and transfer agent rules apply to crypto asset activities and the use of distributed ledger technology.

Commodity Futures Trading Commission

Date	Topic	Summary
2/17	CFTC Reasserts Exclusive Authority Over Prediction Markets	The CFTC filed an amicus brief in the Ninth Circuit affirming its exclusive jurisdiction over U.S. commodity derivatives markets, including event contracts commonly known as prediction markets, and opposing state efforts to regulate products within the CFTC's statutory authority.

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
	Comments due on OCC CRA simplified strategic plan proposal	Feb 20, 2026
OCC	Comments due on OCC's proposed heightened standards threshold update	Mar 2, 2026
	Comments due on Bank Appeals process proposal	Apr 20, 2026
FRB	Comments due on Fed's request for information on check services options	Mar 9, 2026
FDIC	Comments due on FDIC proposed application procedures to issue payment stablecoins	May 18, 2026
	Comments due on catastrophic acts reporting	Feb 27, 2026
	Comments due on removal of nondiscrimination requirements	Mar 16, 2026
	Comments due on service to "underserved areas"	Mar 16, 2026
	Comments due on chartering and field of membership guidance	Mar 16, 2026
	Comments due on Federal Corporate Credit Union Chartering	Mar 16, 2026
	Comments due on federal share insurance proposal	Mar 30, 2026
	Comments due on maximum borrowing authority proposal	Mar 30, 2026
	Comments due on termination of excess insurance coverage	Mar 30, 2026
	Comments due on public unit & nonmember shares proposal	Mar 30, 2026
	Comments on PPSI applications	Apr 13, 2026
SEC	Comments due on SEC's proposed revisions to "small business" & "small organization" definitions	Mar 13, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Enhanced supplementary leverage ratio (eSLR), total loss-absorbing capacity (TLAC), & long-term debt requirements	Dec 1, 2026
FDIC	Establishment & relocation of branches & offices	Feb 27, 2026
NCUA	Simplification of share insurance rules	Dec 1, 2026
CFPB	Residential property assessed clean energy financing (Regulation Z)	Mar 1, 2026
SEC	Form N-PORT (for funds with \$1 billion or greater in net assets) & All N-CEN reporting requirements	Nov 17, 2027
	Form N-PORT reporting requirements for fund groups with less than \$1 billion in net assets	May 18, 2028
CFTC	Business conduct & swap documentation requirements for swap dealers & major swap participants	Jan 29, 2026
FinCEN	Recordkeeping & reporting requirements on certain financial institutions in Minnesota	Feb 12, 2026
	AML/CFT Program & suspicious activity report (SAR) filing requirements for registered investment advisers & exempt reporting advisers	Jan 1, 2028

Agencies Without Recent Key Developments

Several key regulators maintained their prior positions for the period, with no new actions to report, including:

- Legislative
- Financial Stability Oversight Committee
- Federal Deposit Insurance Corporation
- Consumer Financial Protection Bureau
- Financial Crimes Enforcement Network
- Financial Accounting Standards Board
- Financial Stability Board
- Basel Committee on Banking Supervision
- International Organization of Securities Commission

U.S. Financial Services Regulatory Center Recent FORsights™

We're committed to changes and obligations regulators demand, helping you meet business objectives and enhance shareholder value. For more information on our latest work, please see our FORsights below:



[Quarterly Insights: Financial Services Q4 2025](#)

Download our Q4 2025 insights on digital transformation, tokenization, and more.



[The OCC Increased the Application Threshold for Heightened Standards](#)

OCC raises heightened standards threshold to \$700 billion, easing regulatory burden for smaller banks.



[Forvis Mazars' View: The Revitalization of Bank Mortgage Lending](#)

The FRB signals capital changes to revive bank mortgage lending for community and regional banks.



[SEC Daily Reserve Rules: Key FAQs & Compliance Deadlines for Broker-Dealers](#)

SEC updates daily reserve rules for broker-dealers; compliance starts June 30, 2026.



[FRB's New Supervisory Operating Principles: Impact on Internal Audit](#)

FRB's new principles shift focus to IA for risk management and oversight in financial institutions.



[The FDIC and OCC Ease Leveraged Lending Guidance for Banks](#)

FDIC and OCC withdraw leveraged lending guidance, shifting focus to broader safety standards.



[U.S. Agencies Propose Updates to Community Bank Leverage Ratio \(CBLR\)](#)

U.S. banking agencies propose revisions to lower CBLR requirements and extend grace periods for banks.



[FDIC Updates Resolution Planning Expectations for Large IDIs](#)

FDIC updates resolution planning for large banks, refining requirements and filing expectations.

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