

FINREG Focus

U.S. Financial Services Regulatory Center Update

November 23, 2026

Financial Crimes Enforcement Network (FinCEN) proposes targeted revisions to customer due diligence (CDD) requirements.

Note: FINREG Focus will pause publication for the holiday week. Our next edition is scheduled for December 7.

Overview of Key Developments

FinCEN Issues Proposed Rule to Strengthen Customer Due Diligence Requirements

What Happened?

On November 17, FinCEN issued a notice of proposed rulemaking to amend the CDD rule at 31 CFR 1010.230. The action was issued consistent with Executive Order 14406, Restoring Integrity to America's Financial System, which directs the U.S. Department of the Treasury (Treasury) to strengthen risk-based CDD and focus resources on higher-risk customers. The proposal was developed in consultation with the federal bank prudential regulators and the National Credit Union Administration (NCUA), with input from staff of the SEC and the Commodity Futures Trading Commission (CFTC).

The proposal makes three key changes:

- **Codifies relief from repeated beneficial ownership collection**. FinCEN would formally adopt the exceptive relief in FinCEN Order FIN-2026-R001, issued February 13, 2026. Consistent with the relief order, covered financial institutions would identify and verify beneficial owners when a legal entity customer first opens an account. Subsequently, they would only do so when they know of facts that reasonably call into question the reliability of previously obtained information, or as needed under their risk-based ongoing due diligence procedures. Institutions could also rely on a prior certification if a customer representative confirms, orally or in writing, that the information remains accurate. That confirmation must be documented.

- **Specifies required beneficial owner information and restricts Individual Taxpayer Identification Numbers (ITINs).** The information institutions must collect about each beneficial owner would move from the optional Appendix A form into the rule itself. The required items would remain largely the same, but an ITIN would no longer be an acceptable identifying number. Non-U.S. persons could instead provide a passport number and country of issuance, an alien identification card number, or another qualifying government-issued photo identification document. Institutions could also obtain beneficial ownership information from third-party sources, subject to certification requirements.

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- **Clarifies authority to collect additional information.** Where warranted by other risk indicators or supervisory concerns, institutions may obtain additional information to mitigate risk. This includes information about lawful immigration status or employment authorization when relevant to assessing fraud, identity misrepresentation, sanctions evasion, or other illicit financial activity. FinCEN notes that this permission does not reduce existing ongoing due diligence or verification obligations.

The proposal also revises the CDD rule's cross-reference to the Customer Identification Program (CIP) rules, since ITINs remain permissible under CIP but would not be under the CDD rule. In addition, it specifically adds "countering the financing of terrorism" to the rule's references to anti-money laundering (AML) programs. FinCEN notes the separate CDD revision required by the *Corporate Transparency Act* will be addressed in a future rulemaking. Public comments are requested no later than January 19, 2027.

Why Does It Matter?

The codified relief from repeated beneficial ownership collection is likely to matter most to daily operations, particularly for institutions with commercial customers that open accounts frequently. As the relief has been available through an exceptive relief order, many institutions may have already adjusted their procedures. Codification would provide greater clarity, while preserving the option to continue collecting beneficial ownership information at each account opening if an institution's risk-based procedures mandate it. However, while the relief is stated the responsibility still falls on the institution with the documentation of the accuracy of previously obtained information.

The ITIN restriction may require more operational attention. Institutions should consider how many existing and prospective legal entity customers have beneficial owners identified only by an ITIN, and whether onboarding systems, forms, and staff guidance would need refinement. Institutions may also want to consider how to manage the two different information standards across their onboarding processes since ITINs would remain acceptable under CIP but not under the CDD rule. The importance of training and addressing current procedures will be vital in this process.

The proposal clarifies that institutions may collect information about immigration status or employment authorization where risk indicators or supervisory concerns warrant it; however, it does not require it. Institutions considering using this information collection process may want to clearly define the circumstances that would prompt additional collection to ensure procedures are applied consistently across their customer base. In addition, FinCEN notes immigration status or employment authorization information could impact risks beyond illicit finance, including credit risk of a guarantor whose income depends on U.S. employment. The agency cites both the interagency guidance on lending to individuals not legally authorized to work in the U.S. and Regulation B. As such, institutions may want to consider how their CDD procedures align with broader lending and fair lending requirements.

The Bottom Line:

The proposal combines burden relief with a narrower set of identification options, so its effect could vary by customer base. Institutions should use the comment period to assess their exposure to ITIN-identified beneficial owners, evaluate how their onboarding processes would accommodate different CIP and CDD requirements, and consider commenting where FinCEN has invited input.

FDIC Proposes Custodial Deposit Exception to Brokered Deposit Treatment

On November 17, the FDIC Board of Directors approved a notice of proposed rulemaking implementing Section 901 of the *21st Century ROAD to Housing Act*, which created a limited exception for custodial deposits under the brokered deposits framework. Under the proposal, an eligible institution's "qualifying custodial deposits" would not be treated as brokered, up to 20% of total liabilities.

Key elements of the proposal include:

- **Institution eligibility.** Insured depository institutions (IDIs) that report less than $10 billion in total assets in any of the four preceding quarters, and that either hold a CAMELS composite rating of 1, 2, or 3 and are "well capitalized," or have received a brokered deposits waiver.
- **Qualifying custodial deposit.** Deposits that would otherwise be considered obtained directly or indirectly by or through a deposit broker which is placed:
    - At one or more IDIs for the purpose of providing or maintaining deposit insurance for the benefit of a third party who is the beneficial owner of the deposit;
    - Not in return for fees paid by the IDI pursuant to an agreement with a third party; and
    - By or through a qualifying entity acting in a formal custodial or fiduciary capacity for the benefit of a third party who is the beneficial owner of the deposit.
- **Fees.** Only monetary compensation for placing or facilitating the placement of deposits would disqualify a deposit, including placement, referral, subscription, or volume-based fees. Interest payments and fees for other services, such as record-keeping, would not.
- **Notice process.** The receiving institution, qualifying entity, or another party to the arrangement would file a one-time notice, certified annually, that is effective upon submission. The FDIC would publish a list of notice filers and could revoke a notice that proves inaccurate, after giving the filer an opportunity to respond.
- **Interest rate restrictions.** Qualifying custodial deposits accepted by "less than well capitalized" institutions would be subject to the same interest rate restrictions as brokered deposits, regardless of the 20% cap.

The existing designated business exception for non-discretionary custodians would remain unchanged. Comments are due by January 19, 2027.

Practical Considerations: Institutions may already apply the exception in Call Report filings under the Federal Financial Institutions Examination Council's September 30 supplemental instructions, or report under prior instructions and amend after a final rule. Eligible institutions with custodial deposit arrangements may want to confirm whether each arrangement involves a qualifying entity, avoids disqualifying fees, and stays within standard maximum deposit insurance amount limits, and to confirm which exception they rely on.

Recent Key Regulatory Developments

U.S. Department of the Treasury

Date	Topic	Summary
11/17	Treasury Finalizes SECURE 2.0 Automatic Enrollment Rules	The Treasury and IRS finalized SECURE 2.0 requirements for automatic enrollment and contribution increases in certain workplace retirement plans, with the regulations generally applying to plan years beginning after December 31, 2027.

Federal Reserve Board

Date	Topic	Summary
11/18	Fed Adjusts Reserve Requirement Thresholds for 2027	The Fed's Regulation D final rule keeps the reserve requirement exemption amount at $39.2 million and increases the low reserve tranche from $674.1 million to $688.5 million for 2027; the adjustments do not affect depository institutions' reserve requirements, which remain at zero.
11/20	Federal Reserve Survey Highlights Bank Reserve and Liquidity Management Trends	The Fed's September 2026 Senior Financial Officer Survey found that internal liquidity stress metrics remain a key driver of preferred reserve levels, while most respondents expect preferred reserves to remain relatively stable over the next 12 months.

Office of the Comptroller of the Currency

Date	Topic	Summary
11/18	OCC Outlines Regulatory and Supervisory Priorities	Comptroller Jonathan Gould outlined the OCC's continued focus on material financial risk, regulatory burden reduction, and innovation, while identifying risk-sensitive capital requirements, *Bank Secrecy Act*/AML reform, and *Community Reinvestment Act* reform as near- to medium-term rulemaking priorities.
11/19	OCC Maintains 2025 Civil Money Penalty Levels for 2026	The OCC announced that 2025 maximum civil money penalty amounts will remain in effect through 2026, following OMB guidance that no 2026 inflation adjustment would be made because the October 2025 cost-of-living data needed to calculate the adjustment were unavailable.

Federal Deposit Insurance Corporation

Date	Topic	Summary
11/17	FDIC Board of Directors Approves Proposed Rule on Custodial Deposits	The FDIC proposed implementing Section 901 of the *ROAD to Housing Act*. Eligible banks with less than $10 billion in assets could exclude qualifying custodial deposits from brokered deposit treatment, up to 20% of total liabilities. Comments are due January 19, 2027.

Recent Key Regulatory Developments

National Credit Union Administration

Date	Topic	Summary
11/16	NCUA Eases Associational Membership Requirements	The NCUA finalized changes providing that an association will not be automatically disqualified as an associational common bond solely because membership requires purchasing a product or service, while associations based primarily on client-customer relationships remain ineligible.

Securities and Exchange Commission

Date	Topic	Summary
11/13	SEC Proposes Executive Compensation Disclosure Reforms	The SEC proposed amendments to streamline executive and director compensation disclosures, including changes to named executive officer reporting, compensation tables, perquisites, pay-versus-performance, and pay-ratio requirements.
11/17	SEC Staff Updates Corporation Finance Interpretations	SEC staff updated interpretations addressing beneficial ownership reporting under Sections 13(d) and 13(g), *Securities Act* registration forms and rules, and Regulation S-K disclosure requirements.
11/18	FINRA Updates Clearly Erroneous Trade Rules for Overnight Trading	FINRA filed amendments to Rule 11892 that would extend existing limits on clearly erroneous transaction reviews to overnight trading when Limit Up-Limit Down price bands are in effect, aligning the framework with new price protections for 23-hour, five-day trading.
11/18	FINRA Allows Certain Performance Projections and Targeted Returns	FINRA amended Rule 2210 to create a limited exception allowing member communications to include performance projections or targeted returns when firms implement written policies addressing the intended audience, disclose the underlying criteria, assumptions, risks and limitations, and maintain records supporting the projections; the amendment takes effect February 1, 2027.
11/19	SEC Staff Issues FAQs on Investment Management Disclosure Reviews	SEC staff issued FAQs explaining its risk-based process for reviewing fund disclosures, including review scope, filing preparation, staff comments, expected review timelines, and options for requesting selective review or template filing relief.
11/19	FINRA Moves to Extend Market Volatility Protections to Overnight Trading	FINRA amended Rule 6190 to incorporate overnight price bands for NMS stocks, extending existing market volatility protections to certain overnight trading hours beginning December 6, 2026.
11/19	FINRA Extends Annual CEO Compliance Certification Deadline	FINRA amended Rule 3130 to provide members an additional 30 days after the prior year's certification anniversary to complete the annual CEO certification of compliance and supervisory processes, beginning December 21, 2026.

Recent Key Regulatory Developments

Financial Crimes Enforcement Network

Date	Topic	Summary
11/17	FinCEN Issues Proposed Rule to Strengthen Customer Due Diligence Requirements	FinCEN proposed amendments to the CDD Rule that would codify relief from repeated beneficial ownership collection at each new account opening, specify required beneficial owner information while excluding ITINs as an identifying number, and clarify that institutions may collect additional information, including immigration status or employment authorization, where risk warrants. Comments are due January 19, 2027.

Financial Stability Board

Date	Topic	Summary
11/16	FSB Calls for Further Action on Cross-Border Payments	The FSB's 2026 progress report found that improvements in the cost, speed, access, and transparency of cross-border payments remain gradual and uneven, increasing the focus on jurisdictional implementation and private-sector action ahead of the G20 Roadmap's end-2027 milestone.
11/17	FSB Outlines 2027 Financial Stability Priorities	The FSB's 2027 agenda focuses on AI, global stablecoins, and nonbank financial intermediation, with potential work addressing AI-related operational resilience and fraud, cross-border stablecoin frameworks, and leveraged trading in sovereign bond markets, alongside continued crisis preparedness and cross-border payments work.

Basel Committee on Banking Supervision

Date	Topic	Summary
11/18	Basel Committee Highlights Banking Risks and Upcoming Regulatory Work	The Committee identified information security, third-party dependencies, interest rate risk, bank-NBFI interconnections, and data center and AI-related financing as key vulnerabilities, while planning consultations on liquidity risk principles and technical amendments to counterparty credit risk and Liquidity Coverage Ratio standards.

Recent Key Regulatory Developments

International Organization of Securities Commissions

Date	Topic	Summary
11/16	IOSCO Warns of Rising Fraud Targeting Retail Investor Accounts	IOSCO warned that artificial intelligence, social engineering, and digital channels are increasing the scale and sophistication of impersonation, account-takeover, and identity-theft schemes, and outlined steps for market intermediaries, regulators, and investors to strengthen resilience, awareness, and information sharing.
11/18	IOSCO Reports Continued Growth in Financial Asset Tokenization	IOSCO found that tokenization remains uneven but is gaining commercial traction in funds, fixed-income instruments, and equity-linked products, while highlighting regulatory considerations involving asset classification, ownership and transfer, custody, disclosure, smart contracts, and operational and cyber resilience.
11/19	IOSCO Calls for Financial Sector Quantum Preparedness	IOSCO found that financial sector quantum applications and preparedness remain at an early stage and urged firms to assess cryptographic dependencies, develop post-quantum migration plans, and build crypto-agility, while cautioning regulators about misleading “quantum washing.”

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
Joint Agency	Comments due on third-party risk management guidance	Dec 16, 2026
	Comment due on Call Report Revisions for Reciprocal Deposits	Dec 28, 2026
FRB	Comments due on the Federal Reserve Board's responsibilities under the GENIUS Act	Nov 30, 2026
	Comments due on application procedures for subsidiaries to issue payment stablecoins	Nov 30, 2026
	Comments due on model changes for the Board's 2027 supervisory stress test	Dec 1, 2026
FDIC	Comments due on merger transactions	Nov 23, 2026
	Comments due on state bank parity	Nov 23, 2026
	Comments due on large bank deposit insurance modernization	Jan 4, 2027
	Comments due on custodial deposits exception	Jan 19, 2027
NCUA	Comments due on proposed Form 5300 stablecoin reporting changes	Dec 8, 2026
	Comments due on powers of FCUs	Dec 14, 2026
	Comments due on Central Liquidity Facility	Dec 14, 2026
	Comments due on corporate credit unions; fidelity bond and insurance coverage for FCUs	Dec 14, 2026
	Comments due on proposal to rescind special reserve for nonconforming investments	Dec 21, 2026
	Comments due on proposal to remove outdated share insurance conversion provision	Dec 21, 2026
	Comments due on proposal to modernize share insurance member notification	Dec 21, 2026
	Comments due on commercial lending transitional provision interim final rule	Jan 4, 2027
SEC	Comments due on interval fund modernization and expansion of multiple share classes	Dec 4, 2026
	Comments due on investment adviser performance-based compensation modernization	Dec 7, 2026
	Comments due on advisor and regulated fund custody rules; crypto custody rules	Dec 7, 2026
	Comments due on investment company cross trading	Dec 14, 2026
	Comments due on executive compensation disclosure reform	Jan 19, 2027

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
CFTC	Comments due on Regulation Crypto Asset Transactions and Regulation Crypto Asset Markets	Dec 14, 2026
FinCEN	Comments due on CDD requirements for covered financial institutions	Jan 19, 2027
FASB	Comments due on ASU Subtopic 815-40	Jan 4, 2027
BCBS	Comments due on consequential amendments to the basel framework	Dec 21, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Unsafe or unsound practices, matters requiring attention	Nov 2, 2026
FRB	Enhanced transparency and public accountability of supervisory stress test models and scenarios	Nov 2, 2026
	Modifications to the capital plan rule and stress capital buffer requirement	Dec 1, 2026
	Federal Reserve Bank Capital Stock	Dec 14, 2026
OCC	Final Rule to Implement GENIUS Act	Jan 18, 2027
FDIC	FDIC official signs and advertisement of membership	Apr 1, 2027
NCUA	Treatment of PPP Loans	Nov 4, 2026
	Commercial Lending Transitional Provision Interim Final Rule	Nov 4, 2026
	Registration of mortgage loan originators	Nov 16, 2026
	Privacy of consumer financial information	Nov 16, 2026
	Simplification of share insurance rules	Dec 1, 2026
	Final rule removing paragraph (a)(1) of 12 CFR 701.39	Dec 4, 2026
	Nondiscrimination requirements	Dec 16, 2026
	Accuracy of advertising and notice of insured status	Dec 16, 2026
SEC	FINRA Adopts New Rule 3290 (Outside Activities Requirements)	Oct 25, 2027
	Form N-PORT and N-CEN reporting requirements[1]	Nov 17, 2027 May 18, 2028
SEC/CFTC	Form PF reporting requirements	Jul 1, 2027
FinCEN	AML/CFT program and suspicious activity report filing requirements for registered investment advisers and exempt reporting advisers	Jan 1, 2028

1. Compliance dates based on asset size: November 17, 2027 for fund groups with net assets of $1 billion or more; and May 18, 2028 for fund groups with less than $1 billion in net assets as of the end of their most recent fiscal year-end.

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 Council
- Federal Financial Institutions Examination Council
- Joint Banking Agencies
- Consumer Financial Protection Bureau
- Commodity Futures Trading Commission



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OCC AI Framework: Consequences Not Sophistication, Drive Scrutiny

The AI framework tells examiners to scale scrutiny to the consequences of a failure.



What the Agencies' TPRM Overhaul Signals for Bank Oversight

Explore how the proposed TPRM guidance may affect banks and vendor risk programs.



SEC Implementation of Daily Rule 15c3-3 Reserve Computations

Explore how daily reserve computations affect sweep activity and customer credits.



The New FDIC Two-Phase Deposit Insurance Review

Explore the FDIC's new review framework and what it means for your application.



Implications of the Updated Interagency MRM Guidance

Understand evolving guidance in model risk management.



Treasury Clearing Changes Broker-Dealers Should Know

Learn about SIFMA's done-away clearing documents and the impacts on Treasury clearing compliance.



FFIEC Proposes Sweeping Overhaul of CAMELS Framework

Discover proposed CAMELS overhaul linking ratings to material risk and transparency.

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