FINREG Focus

U.S. Financial Services Regulatory Center Update

May 26, 2026

Executive Summary

This update's headline items:

1. Federal Financial Institutions Examination Council (FFIEC) seeks comment on proposed revisions to the CAMELS rating system.
2. SEC proposes amendments to the public company filer status reporting framework.
3. FDIC proposes *Bank Secrecy Act* (BSA)/anti-money laundering (AML) and sanctions standards for bank-issued payment stablecoins under the GENIUS Act.
4. President Donald Trump signs a series of executive orders (EOs) aimed at updating federal oversight for emerging financial technologies and strengthening safeguards against illicit financial activity.

Overview of Key Developments

1. The FFIEC has proposed the most significant overhaul of the CAMELS rating framework in nearly 30 years, aiming to more closely align supervisory ratings with an institution's safety and soundness by focusing on material financial risks. The changes are designed to improve transparency, reduce examiner subjectivity, and ensure ratings reflect conditions that meaningfully affect financial health. A central theme of the proposal is recalibrating how component ratings influence the composite score, particularly reducing the historically outsized role of the Management component.

The proposal removes the "special consideration" given to the Management rating when determining the composite score, directing examiners to weigh all components more evenly. Going forward, a downgrade in Management to a 3 or worse would generally require evidence that weaknesses create material financial risk, rather than being based on procedural or qualitative concerns. Evaluation factors for Management would also be narrowed, eliminating elements that do not directly impact safety and soundness.

A key structural shift is the introduction of a material financial risk threshold across the framework. Ratings of 3 or worse would be reserved for situations involving observable financial deterioration, material risk exposure, unreliable reporting, inadequate asset safeguards, or significant regulatory noncompliance. Similarly, specialty examination findings would influence CAMELS ratings only if they are financially material or indicate meaningful compliance issues, limiting the impact of purely process-oriented findings.

The proposal also revises composite rating definitions to establish clearer thresholds tied to financial condition and risk profile, while standardizing terminology and evaluation criteria across components. Additional changes include replacing broad, subjective language with more specific, measurable factors and requiring documentation when examiners apply additional considerations. Overall, the revisions aim to create a more transparent, consistent, and risk-focused supervisory framework.

For additional information, see our **FORsights™** article, FFIEC Proposes Sweeping Overhaul of CAMELS Framework.

2. The SEC has proposed ([Release 33-11419]) a significant overhaul of the public company reporting framework, simplifying its filer status categories and extending scaled disclosure relief to a broader set of issuers beyond the current emerging growth companies and smaller reporting companies. The proposal would result in two redefined tiers of filer status: large accelerated filers (LAFs) and non-accelerated filers (NAFs), effectively eliminating the current accelerated filer and smaller reporting company categories. Certain issuer types, *e.g.,* certain asset-backed issuers and foreign private issuers, would be excluded from the revised framework.

The definition of an LAF would be tightened by raising the public float threshold from $700 million to $2 billion and requiring companies to meet that threshold for two consecutive years using a 10-day average stock price measure. All other companies would be classified as NAFs. A new five-year seasoning requirement would delay initial entry into LAF status, effectively guaranteeing at least five years of benefits as a NAF for newly public companies.

In the broadened NAF category, registrants would receive expanded accommodations and scaled disclosure requirements. Chief among them would be an exemption from auditor attestation on internal controls over financial reporting. NAFs would still be required to maintain management-level reporting on internal control over financial reporting.

In addition, there would be reduced executive compensation disclosure, relief from say-on-pay and related shareholder votes, and fewer years of required financial statements. The proposal also introduces a new NAF subset of small non-accelerated filers, defined by $35 million or less in total assets, which would receive additional time to file their Forms 10-K and 10-Q.

Concurrent with the above, the SEC has proposed ([Release 33-11418]) reforms to registered offerings that broaden eligibility for Form S-3, remove public float and seasoning barriers, and expand access to shelf registration. Together, these changes aim to reduce compliance costs, simplify reporting, and make public markets more accessible to a wider range of issuers, particularly mid-cap and newly public companies.

Public comments are requested on the proposals and are due 60 days following posting in the **Federal Register**. The first proposal has been posted with a due date of July 20, 2026.

3. The FDIC [proposed a rule implementing BSA/AML and sanctions standards] for FDIC-supervised permitted payment stablecoin issuers (PPSIs) under the GENIUS Act. Under the proposal, FDIC-supervised PPSIs would be required to comply with applicable AML/countering the financing of terrorism (CFT), economic sanctions, and reporting requirements established by the Financial Crimes Enforcement Network (FinCEN) and Office of Foreign Assets Control (OFAC).

The proposal builds on the joint FinCEN/OFAC proposal issued on April 8, which established baseline AML/CFT and sanctions program requirements for all PPSIs regardless of charter type. It also aligns supervision and enforcement with FinCEN requirements, which is intended to provide greater consistency and clarity in regulatory expectations. The proposal establishes a notice and consultation framework with FinCEN when the FDIC intends to initiate an AML/CFT enforcement action or a significant AML/CFT supervisory action, including permitting the sharing of relevant supervisory information. The proposal applies to all FDIC-supervised institutions, reinforcing expectations for financial crime compliance as digital asset activity expands.

The FDIC is requesting public comments for 60 days following publication in the **Federal Register**.

4. On May 19, President Donald Trump signed a series of EOs aimed at updating federal oversight for emerging financial technologies and strengthening safeguards against illicit financial activity. An outline of each EO is noted below:

Integrating Financial Technology Innovation Into Regulatory Frameworks

An EO titled "*Integrating Financial Technology Innovation Into Regulatory Frameworks*" directs federal financial regulators, *i.e.,* the Consumer Financial Protection Bureau (CFPB), Commodity Futures Trading Commission, FDIC, Office of the Comptroller of the Currency (OCC), National Credit Union Administration (NCUA), and SEC, to streamline and update regulatory frameworks to facilitate the integration of financial technology, including digital assets and other emerging technologies, into traditional financial services and payment systems. The Federal Reserve Board (FRB) is addressed separately and requested, rather than directed, to undertake parallel actions. The EO requires the six regulators to review existing regulations, guidance, supervisory practices, and application processes within 90 days to identify provisions that unduly impede fintech entry, partnerships with regulated institutions, or competition, including barriers to fintech firms seeking bank or credit union charters, deposit insurance, or other federal licenses, while balancing innovation with safety and soundness, consumer and investor protection, market integrity, and financial stability. Within 180 days, agencies are directed to take steps to encourage innovation based on those reviews.

The EO also requests the FRB to conduct an evaluation of the legal, regulatory, and policy framework governing access to Federal Reserve Bank payment accounts and payment services by uninsured depository institutions and non-bank fintech and digital asset firms, including those functioning as direct participants in real-time payment networks.

The evaluation comprises four areas:

- The FRB's legal authority to extend direct access,
- Options for expanding access subject to appropriate risk management requirements,
- Legal impediments and legislative or regulatory options to address them, and
- Whether individual Federal Reserve Banks may act independently in granting or denying access, and what policies ensure consistent evaluation.

The FRB is requested to report its findings to Trump within 120 days.

While the EO does not mandate changes to bank risk management frameworks, increased fintech partnerships and potential expansion of non-bank access to payment systems may heighten the importance of effective third-party, payments, and technology risk management to maintain safety and soundness.

Restoring Integrity to America's Financial System

An EO titled "*Restoring Integrity to America's Financial System*" directs the FRB, OCC, FDIC, and NCUA to strengthen safeguards against illicit financial activity and address structural credit risks within the U.S. banking system. The CFPB is addressed separately under the credit risk provisions. The EO requires the Secretary of the Treasury Department of the U.S. (Treasury) to issue, within 60 days, a formal advisory to financial institutions identifying red flags and typologies linked to payroll tax evasion, concealment of beneficial ownership, off-the-books wage payments, structuring and micro-structuring of cash transactions correlated with payroll cycles, labor trafficking, and misuse of individual taxpayer identification numbers by individuals lacking verified work authorization. Within 90 days, Treasury, in consultation with federal banking regulators, must propose changes to BSA regulations to reinforce risk-based customer due diligence, including ensuring institutions can verify account ownership and obtain additional information when necessary to assess illicit finance risks. Within 180 days, regulators are instructed to consider further strengthening customer identification program requirements, including addressing risks posed by foreign consular identification cards.

The EO also directs the CFPB, within 60 days, to consider clarifying that potential deportation and loss of wages may be relevant factors under existing ability-to-repay standards, and that lenders may consider such factors as part of a reasonable and good-faith underwriting determination. Separately, the EO directs federal banking regulators, also within 60 days, to issue guidance on managing credit risks associated with lending to non-work authorized individuals.

The EO points to a firmer supervisory tone around AML programs, customer identification, and certain lending practices. While it does not impose new requirements by itself, it signals where regulatory attention is likely to intensify as advisories, rule proposals, and guidance are rolled out. Banks should be ready for deeper examiner focus on how illicit finance risks are flagged, how customer due diligence is supported, and how credit decisions are documented when income or legal status risks are present.

Recent Key Regulatory Developments

Legislation / Executive Aciton

Date	Topic	Summary
5/19	White House Orders Review to Integrate Fintech Innovation Into Federal Regulatory Frameworks	The administration issued an EO directing financial regulators to review and streamline rules to reduce barriers, support fintech innovation and competition, and better integrate digital technologies, including digital assets, into the traditional financial system.
5/19	White House Orders Crackdown on Illicit Finance and Strengthens Customer Identification Requirements	The administration issued an EO directing regulators to tighten BSA controls, strengthen customer due diligence and identification standards, and address credit and financial system risks tied to illicit activity and certain higher-risk borrowers.
5/20	House Passes Bipartisan 21st Century ROAD To Housing Act	The House passed a bipartisan housing bill aimed at increasing supply, reducing regulatory barriers, restoring community banking provisions, and modernizing housing programs to improve affordability and access to homeownership.
5/20	House Passes H.R. 3234 Keeping Deposits Local Act	The bill would amend the *Federal Deposit Insurance Act* to increase the amount of reciprocal deposits not treated as brokered funds and broaden eligibility to banks with CAMELS ratings of 1–3 using tiered limits based on institution size. (50% for banks ≤$1B in liabilities, 40% for $1B–$10B, and 30% for $10B–$250B)
5/20	House Passes H.R. 4544 American Access to Banking Act	The bill would direct federal banking and credit union regulators to simplify application processes, review capital-raising rules, and expand outreach to support the formation of new de novo banks and credit unions.
5/20	House Passes H.R. 5317 Community Bank Deposit Access Act	The bill would amend the *Federal Deposit Insurance Act* to exclude certain custodial deposits from brokered deposit classification for qualifying banks under $10B in assets, capped at 20% of liabilities and subject to capital and supervisory criteria.

Federal Financial Institutions Examination Council

Date	Topic	Summary
5/19	FFIEC Seeks Comment on Proposed Revisions to UFIRS	FFIEC requested public comment on proposed updates to the CAMELS supervisory rating framework to better focus on material financial risks and improve transparency, marking the first major revision in decades.

Federal Reserve Board

Date	Topic	Summary
5/20	FRB Proposes Limited “Payment Account” to Expand Access to Payment Systems	FRB proposed creating a restricted “payment account” that would allow certain eligible institutions to access Fed payment services for clearing and settlement while prohibiting credit access, interest earnings, and broader banking functions.

Federal Deposit Insurance Corporation

Date	Topic	Summary
5/22	FDIC Proposes BSA and Sanctions Standards For Bank-issued Payment Stablecoins Under the GENIUS Act	FDIC approved a proposed rule under the GENIUS Act that would require FDIC-supervised payment stablecoin issuers to implement AML/CFT and sanctions programs consistent with FinCEN and OFAC requirements, while aligning supervision and enforcement standards.

Recent Key Regulatory Developments

Securities & Exchange Commission

Date	Topic	Summary
5/18	SEC Ends Long-Standing "No-Deny" Settlement Policy in Enforcement Actions	SEC rescinded its rule requiring settling defendants not to publicly deny allegations, giving parties more flexibility in settlements and allowing them to speak openly after resolution while leaving existing admission practices unchanged.
5/19	SEC Proposes Reforms to Simplify Registered Offerings and Public Company Reporting	SEC proposed sweeping rule changes to expand access to streamlined offering tools, reduce disclosure and reporting burdens, and lower costs for public companies while maintaining investor protections and encouraging more firms to go public.
5/19	FINRA Issues Guidance on Intraday Margin Rule Implementation	FINRA Regulatory Notice 26-11 provides updated interpretations and guidance to help firms implement the new intraday margin standards under Rule 4210, while removing prior guidance related to legacy day trading margin requirements.
5/19	FINRA Launches Review of Higher-Risk Structured Products	FINRA is reviewing firms' supervision and sales practices for complex, higher-risk structured products, including non-principal-protected "worst-of" notes, with a focus on concentration risks and compliance with Regulation Best Interest.
5/21	SEC and NFA Sign MOU to Strengthen Regulatory Coordination and Information Sharing	SEC and National Futures Association announced a memorandum of understanding (MOU) to enhance cooperation, coordination, and information sharing on regulatory oversight, including emerging risks, examinations, and market conditions, to improve compliance and reduce duplicative oversight.

Commodity Futures Trading Commission

Date	Topic	Summary
5/19	CFTC Sues Minnesota to Block Prediction Market Ban	CFTC filed a federal lawsuit seeking to block a new Minnesota law that would criminalize prediction market activity.
5/19	CFTC Issues New Enforcement Cooperation Policy, Including Path to Declinations	CFTC issued a staff advisory establishing a new enforcement cooperation policy that replaces prior guidance and outlines how voluntary self-reporting, full cooperation, remediation, and restitution may lead to reduced penalties or potential declinations in investigations.

Financial Accounting Standards Board

Date	Topic	Summary
5/19	FASB Issues Standard to Improve Accounting for Environmental Credits	FASB issued a new standard establishing a comprehensive framework for recognizing, measuring, and disclosing environmental credits and related obligations

International Organization of Securities Commission

Date	Topic	Summary
5/21	IOSCO Publishes Reports on Intraday Liquidity Trends and Extended Trading Hours in Equity Markets	IOSCO released a consultation on evolving intraday liquidity patterns and a report on extended trading hours, highlighting risks such as concentrated closing activity, reduced off-peak liquidity, and operational challenges, while proposing good practices to support fair and resilient equity markets.

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Deadlines & Compliance Calendar

Agency	Requirement	Due Date
FFIEC	Comments due on revisions to the Uniform Financial Institutions Rating System (UFIRS)	Aug 17, 2026
Joint Agency	Comments due on AML & CFT Programs	Jun 9, 2026
	Comments due on FinCEN & OFAC joint proposal for GENIUS Act implementation	Jun 9, 2026
	Comments due on regulatory capital rule & the standardized approach for risk-weighted assets	Jun 18, 2026
	Comments due on regulatory capital framework for Category I & II banking organizations	Jun 18, 2026
OCC	Comments due on streamlining regulations concerning public welfare investments, open market collateralized loan obligations, & federal savings association nondiscrimination requirements	May 27, 2026
	Comments due on order preempting the *Illinois Interchange Fee Prohibition Act*	May 29, 2026
	Comments due on national bank non-interest charges & fees	May 29, 2026
FRB	Comments due on amendments to Regulation J (governing FedNow service)	Jun 9, 2026
	Comments due on G-SIB surcharge proposal	Jun 18, 2026
FDIC	Comments due on FDIC implementation of GENIUS Act	Jun 9, 2026
NCUA	Comments on eliminating prescriptive regulations on third-party servicing of indirect vehicle loans	May 26, 2026
	Comments due on chartering & field of membership	Jun 8, 2026
	Comments due on bank conversion & mergers	Jun 22, 2026
	Comments due on enhancing & streamlining data collection from credit unions	Jun 23, 2026
	Comments due on requirements for insurance	Jul 6, 2026
	Comments due on threshold increase for the major assets prohibition of the DIMIA	Jul 6, 2026
	Comments on proposal for implementation of the GENIUS Act	Jul 17, 2026

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
SEC	Comments due on Consolidated Audit Trail & other audit trails & data sources	Jun 22, 2026
	Comments due on Form PF reporting requirements	Jun 23, 2026
	Comments due on definitions of "Security-Based Swap Dealer" & "Major Security-Based Swap Participant"	Jul 6, 2026
	Comments due on semiannual reporting proposal	Jul 6, 2026
	Comments due on proposed amendments to streamline filer statuses	Jul 20, 2026
CFTC	Comments due on Commitments of Traders reporting program	Jun 4, 2026
	Comments due on *Privacy Act* regulations	Jun 5, 2026
	Comments due on clearing requirement determination under Section 2(h) of the *Commodity Exchange Act*	Jun 11, 2026
FinCEN	Comments due on whistleblower incentives & protections	Jun 1, 2026
	Comments due on AML & CFT programs	Jun 9, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Prohibition on the use of reputation risk by regulators	Jun 9, 2026
	Modifications to the CBLR framework	Jul 1, 2026
	Enhanced supplementary leverage ratio, total loss-absorbing capacity, & long-term debt requirements	Dec 1, 2026
OCC	Rescission of OCC guidelines establishing standards for recovery planning	May 1, 2026
	Preemption Determination: State Interest-on-Escrow Laws	Jun 18, 2026
	Order preempting the *Illinois Interchange Fee Prohibition Act*	Jun 30, 2026
	National bank non-interest charges & fees	Jun 30, 2026
FDIC	FDIC official signs & advertisement of membership	Apr 1, 2027
NCUA	Simplification of share insurance rules	Dec 1, 2026
CFPB	Amendments to Regulation B (ECOA) - Disparate Impact	Jul 21, 2026
	Small Business Lending Under Regulation B - Section 1071	Jun 30, 2026
SEC	Technical corrections to Regulation NMS Rule 610(e)	May 5, 2026
	Rescission of policy regarding denials in settlements of enforcement actions	May 21, 2026
	Form N-PORT & N-CEN reporting requirements[1]	Nov 17, 2027 May 18, 2028
FinCEN	AML/CFT program & suspicious activity report filing requirements for registered investment advisers & 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:

- Financial Stability Oversight Committee
- Joint Banking Agencies
- Office of the Comptroller of the Currency
- National Credit Union Administration
- Consumer Financial Protection Bureau
- Financial Crimes Enforcement Network
- Financial Stability Board
- Basel Committee on Banking Supervision

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 Q1 2026

Download our Q1 2026 insights featuring major regulatory and supervisory developments.

Preliminary Insights on the OCC's Proposed Stablecoin Framework

Preliminary insights on the OCC's proposed stablecoin framework and why it matters today for banks.

FFIEC Proposes Sweeping Overhaul of CAMELS Framework

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

SEC Allows Broker-Dealers to Use Equities as Collateral

The SEC allows equity collateral under Rule 15c3-3, boosting flexibility with strong controls.

Reframing AML for Digital Finance

FinCEN proposes AML reforms for financial institutions and stablecoin issuers, emphasizing effectiveness.

Forvis Mazars' View: The Revitalization of Bank Mortgage Lending

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

An Overview of the Modernization of the U.S. Regulatory Capital Framework

A breakdown of proposals on Revised Standardized Approach, Basel III/ERBA, and G-SIB Recalibration.

FDIC Updates Resolution Planning Expectations for Large IDIs

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

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