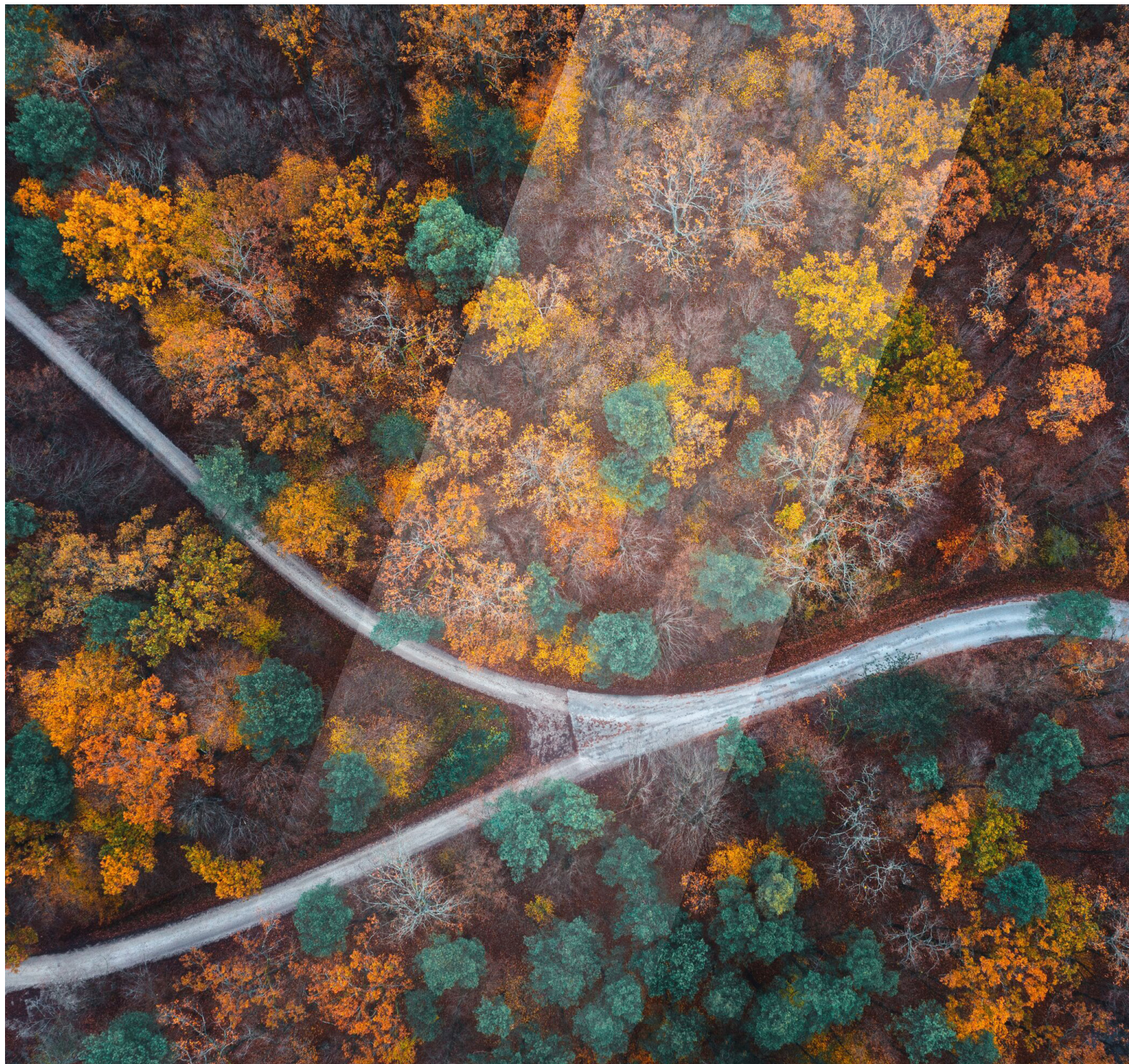




Quarterly Insights: Financial Services

U.S. Financial Services Regulatory Center

Q3 2025

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Contents

3 **Fall 2025 Outlook**

3 Economic Pulse

4 Regulatory Pulse

6 **Quarterly Insights**

7 Overview

8 Insights from Tom Hoenig on the Future of Banking

11 BSA Insights: Combating Money Laundering

14 Digital Assets: Stablecoin Leading Change

17 **Regulatory Overview**

18 Legislative

19 Federal Banking Agencies

23 U.S. Market Regulators

24 U.S. Treasury

26 **Appendix**

Message from Ashley Ensley

To our community

As the leaves turn and the air grows crisp, we find ourselves in the final stretch of 2025—a season of reflection, preparation, and change. Much like the shifting seasons, the U.S. banking sector continues to evolve amid economic uncertainty, regulatory transformation, and rapid technological advancement.

While the industry remains profitable, challenges such as tightening net interest margins, rising funding costs, and early signs of credit stress are prompting financial institutions to double down on risk management and strategic flexibility. On the accounting front, it's been a relatively quiet year—but don't let the calm fool you. Incremental progress is underway, and more activity is expected in the coming quarters, offering a brief but welcome pause amid broader industry shifts.

In this edition, we've gathered timely insights and updates to help you stay ahead of the curve:

- **Regulatory priorities are shifting:**
Financial institutions are recalibrating—moving away from supervisory agendas and back to core fundamentals. We sit down with regulatory professionals to explore what's next for the industry.
- **Technological disruption is accelerating:**
Digital assets are front of mind for financial institutions and are reshaping how value is created, exchanged, and stored and are challenging traditional banking models.
- **Changes from Capitol Hill:**
Congress enacted the GENIUS Act and the One Big Beautiful Bill Act, both of which are poised to reshape financial services and the broader economy.

We hope that you find this quarterly update informative as you navigate the months ahead. As you focus on a strong end to 2025 and begin to strategize for 2026, we're here to help you manage risk, enhance operations, and stay agile in a changing world.



Ashley Ensley
National Sector Leader, Financial
Services, Assurance Partner

Fall 2025 Outlook

Economic Pulse



As we continue into fall 2025, the U.S. economy is showing signs of slowing down. Inflation remains sticky at 2.9%, and the labor market is cooling, with unemployment rising to 4.3% and job creation nearly stalling. Gross domestic product growth has been unpredictable, down 0.5% in Q1, then up 3.3% in Q2, resulting in a modest year-to-date increase of about 1%. Much of this volatility stems from tariff-related trade disruptions.

However, the financial markets remain upbeat, with the S&P 500 up roughly 10% year to date, fueled by investor optimism that the Federal Reserve is at the start of an interest rate cutting cycle. However, despite upward trending equity markets, consumer sentiment is starting to slip, signaling growing consumer caution and fragile household confidence.

The FDIC's Q2 2025 Quarterly Banking Profile reflects early signs of this shifting economic landscape. While banks remain profitable overall, net income dipped slightly due to tighter net interest margins and increased provision expenses. Loan growth slowed across most categories, particularly in commercial and industrial lending. Unrealized losses on securities portfolios remained elevated, though slightly improved with the easing of long-term rates.

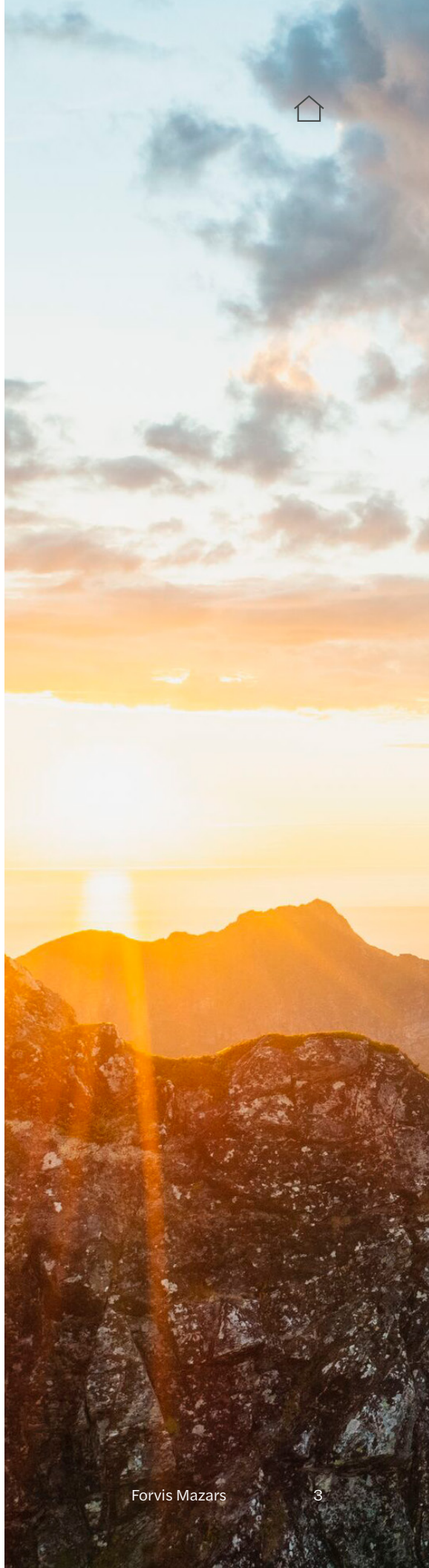
Asset quality is holding stable, but early-stage delinquencies are creeping higher, especially in consumer credit. Funding costs keep rising as banks continue to compete for deposits in a high-rate environment. These trends mirror broader macroeconomic signals of softening demand, cautious consumers, and tightening financial conditions.

What's Ahead for Financial Institutions

In this evolving backdrop, financial institutions must stay agile. Earnings may come under pressure as loan demand softens and interest margins compress. While liquidity has improved, funding strategies need to adapt to shifting rate dynamics and competitive deposit markets.

Credit risk is rising modestly, especially in commercial real estate and consumer segments, calling for careful provisioning and close monitoring of asset quality. Balance sheet management needs to remain flexible, with opportunities to reposition securities portfolios and hedge against rate volatility. Strategic planning is key. Institutions should prepare for a range of outcomes, from a soft landing to a sharp downturn, while maintaining capital strength and operational efficiency.

The months ahead offer both challenges and opportunities. Institutions that manage risk proactively, making smart funding and investment decisions, and remain flexible in their execution will be best positioned to weather uncertainty and seize the moment when recovery begins.





Fall 2025 Outlook Regulatory Pulse

Even as banks face a challenging and dynamic economic landscape, the regulatory environment is also undergoing a meaningful transformation. While these changes are largely positive, they signal a shift in priorities that institutions must manage alongside broader market developments.

Rather than sweeping deregulation, federal banking agencies are reprioritizing their focus on the fundamentals of safety and soundness, such as capital, liquidity, interest-rate risk, credit quality, and anti-money laundering. This shift in priorities has led to more targeted supervisory exams, moving away from themes like climate or reputational risk. Instead, regulators are concentrating on how banks would fare under rapid deposit outflows, market shocks, or sector-specific credit downturns.

Governance frameworks are now considered secondary exam priorities, coming into focus only when examination concerns are raised with respect to core financial metrics. This streamlined approach reflects a broader push for smarter, more efficient oversight, a theme echoed by Federal Reserve Vice Chair Michelle Bowman, stating regulatory oversight should be “smarter, not simply more expansive.”

Structural reforms are also underway. Reforms under consideration include modifications to the CAMELS and LFI rating systems to prevent automatic downgrades from isolated deficiencies resulting in overall rating downgrades. Enhancements to the supervisory appeals process are being considered to give banks a clearer, fairer path to challenging examiner findings.

Recent remarks by the agencies reinforce this momentum. FDIC Acting Chairman Travis Hill, speaking after the latest Financial Stability Oversight Council (FSOC) meeting, emphasized modernizing

enforcement policies, reforming supervisory ratings, and aligning regulatory burden with actual risk. Office of the Comptroller of the Currency (OCC) Comptroller Jonathan Gould advocates for clearer definitions of key terms like “unsafe and unsound practices” and eliminating reputational risk as a catch-all category. He also stressed the need rules that are tailored for banks based on size and risk profile, rather than applying from the global systemically important bank (GSIB).

Regulators are also signaling changes to the broader framework, including potential updates to stress testing, leverage ratio requirements, and the GSIB surcharge. The Basel III Endgame rulemaking is expected to be reproposed, along with revisions to the tailoring rule thresholds.

Congress Steps Into Digital Finance

Meanwhile, Congress has expanded the banking agencies’ statutory perimeter through the GENIUS Act, establishing the first comprehensive federal framework for stablecoins. This includes requirements for full cash backing, transparent audits, and shared oversight—marking a more open stance toward innovation in fintech and digital assets.

Overall, the regulatory shift reflects a move toward greater clarity, efficiency, and proportionality. Federal banking agencies are maintaining a sharp focus on core risks, refining their own processes to increase transparency and predictability, and laying statutory foundations for digital money. The result is a sharper, more focused system that sets clearer expectations and aligns oversight with the risks that truly matter.



“Financial crimes compliance remains a regulatory priority, and covered financial institutions should continue to invest in their programs amidst a backdrop of challenges from constrained budgets and resources, increasingly complex criminal schemes, an industry trend of mergers and consolidation of compliance programs, and a variety of technology solutions aimed to reduce operational inefficiency. governance and data quality are key to maintaining a sustainable risk-based compliance program.”



Spencer Schulten
Consulting Principal, Financial Services
Risk & Regulatory



Quarterly Insights



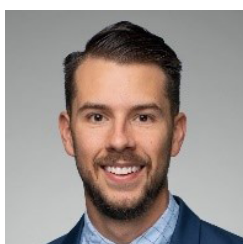
Insights From Tom Hoenig on the Future of Banking

As economic headwinds grow stronger and technological disruption accelerates, the banking industry finds itself at a pivotal moment. In a recent conversation, **Tom Hoenig**, Distinguished Senior Fellow at Mercatus Center at George Mason University, **offers timely insights into how financial institutions can navigate rising inflation, regulatory shifts, and the emergence of stablecoins and fintech innovation.** With consolidation on the rise and competition intensifying, Hoenig encourages bankers to stay vigilant, think defensively, and prepare strategically for the future. Drawing from his former experience as President of Federal Reserve Bank of Kansas City, member of the Federal Open Markets Committee, and Vice Chairman of the FDIC, his reflections serve as both a caution and a call to action for leaders looking to build resilience and adaptability in an increasingly complex financial landscape.



BSA Insights: Combating Money Laundering

Financial institutions are facing a surge in suspicious activity driven by both legacy fraud schemes and increasingly sophisticated technological threats. In response, the need for resilient anti-money laundering (AML) and countering the financing of terrorism (CFT) frameworks has never been more critical. **Spencer Schulten's insight examines current supervisory findings and emerging risks, identifying key gaps in governance, due diligence, and transaction monitoring.** The piece offers practical recommendations to help strengthen controls and align with evolving regulatory expectations. It serves as a timely resource for institutions seeking to enhance their financial crime defenses through targeted improvements in policy and oversight.



Digital Assets: Stablecoin Leading Change

From tokenized securities to decentralized finance (DeFi), digital assets are rapidly reshaping how value is created, exchanged, and stored. What was once considered experimental is now becoming foundational, as institutions, governments, and consumers alike embrace blockchain-powered innovation. At the center of this evolution are stablecoins—digital currencies designed to maintain a stable value, often pegged to fiat currencies like the U.S. dollar. As regulatory frameworks solidify and adoption accelerates, stablecoins are no longer just a niche concept—they're a catalyst for change, challenging traditional banking models while unlocking new efficiencies across the financial ecosystem.

In this insights piece, Nik Fahrner dives into the complex world of stablecoins, unpacking the risks, opportunities, and strategic imperatives for financial institutions. From cybersecurity concerns to interoperability hurdles, the piece explores what it will take for banks to thrive in this new era. The message is clear: those who invest in resilient infrastructure and forward-looking risk management will be best positioned to lead in the digital asset economy.



Bobby Bean, Managing Director and U.S. Financial Services Regulation Center Leader at Forvis Mazars, sat down with Tom Hoenig on September 9, 2025 to discuss the future of banking. Their conversation covered the evolving regulatory landscape, the role of monetary policy, and how financial institutions can stay resilient in a time of rapid change.

Bobby: Bankers are facing a lot of economic uncertainties with tariffs impacting trade and supply chains, fiscal policies increasing the public debt, and economic indicators that are slowing even as inflation remains stubborn. In this economic environment, what should bankers be most concerned about? What should they pay particular interest to as they manage their day-to-day operations.

Tom: You're right, these are very uncertain times. For the policy maker it's uncertain and difficult, and I am not surprised that bankers find it equally or more difficult. My advice starts with, don't panic. We've had tough situations like this before. In these circumstances, prioritize your operations and how you approach them. Also, understand that the Federal Reserve is struggling. It must thread a very difficult needle, and it is hard for them to see it. For the first time in decades, the U.S. has imposed significant tariffs, and that has two effects. First, they are going to slow the economy; and second, they are going to increase inflation, at least temporarily. Bankers must sort through these opposing forces, estimate the relative effects, and decide on how much credit and liquidity risk they can accept and manage. For example, they will be challenged in the next few days if the Fed cuts rates in a period of rising inflation. This action and its effects cannot be ignored.

In these uncertain times, while a banker cannot shut down, he or she must be increasingly vigilant. Review the loan portfolio, see which loans are most vulnerable and most at risk if the economy slows over the next 18 to 24 months. For example, with higher inflation, the economy might experience a temporary inflation bubble, which could end badly if it is followed by a recession as the tariffs slow the economy. This is

reflected vividly in recent stock market activity. And yes, things could become even more confusing with our growing fiscal expansion and debt, and the likely reduction in interest rates. It is just a good time to think defensively.

What we are seeing now reminds me of the 1970s, when supply shocks and interest rate cuts led to the great inflation period. Initially bankers seemed to benefit from the higher inflation. During a significant part of the 70s, they enjoyed a boom-like environment, but it ended abruptly, and the same thing could happen again ... So be prepared. You don't want to stop making loans, but you must stay on top of your asset quality and cash flow risk. In all things, balance matters. And frankly, it wouldn't hurt to build in some extra capital to compensate for the greater uncertainty and risk.

Bobby: In addition to everything going on in the economy, the current administration has made it clear that they plan to continue to implement deregulatory policies. In fact, the CFPB has already withdrawn a large number of regulations, and the banking agencies are looking at paring back their regulatory books even more. I'm certain that you have seen many deregulatory cycles over the years. What lessons have you learned from these cycles to which bankers might need to pay heed as they manage their banks over the next several years?

Tom: Manage your bank smart. Don't manage it by whether a new regulation is implemented, or an old regulation is dropped. Manage your bank smart and safely. There are regulations that you should comply with regardless of whether the bank examiner will catch it. Also, remember there's been no real



change in statutes, so today's regulatory relief can be reimposed tomorrow by a different administration. Just play it straight and if a rule is eased, still run your bank safely. If you mind your business, you won't be caught flat footed when a new administration comes into power. You'll be running well, running safely, and you can adjust more easily to the change.

Some regulations are wasteful, and if it makes sense to take advantage of an easing in oversight, you should do so. The banker should be able to exercise judgement. Ease back on the rules that are handicapping you. But don't just go wild with "I'm regulatory free." Continue to listen to what the examiners have to say, because sometimes they have very good insights into activities that you may be looking at every day but failing to see their risks. Again, in all things, prudence. The bankers with staying power, that have survived crises and that are still here today, are those that exercise prudence, regardless of the regulation.

Bobby: We're seeing an increase in mergers and acquisitions, as well as new bank and fintech charters. In addition, digital assets, everything from stablecoin to bitcoins are making their way into the banking system. And AI, we can't forget the simultaneous hopes and fears created by artificial intelligence. It seems that both competition and complexity are increasing. How do you see the business of banking evolving over the next several years? How and what should bankers do to better position themselves for the future?

Tom: Well, the banking industry is experiencing a lot of change. Most recently, the GENIUS Act gave Congress' stamp of approval to the rise of stablecoin technology. And so, the banker must prepare for its effects. I tell bankers that stablecoins are like money market funds with a payment option. The issuer takes dollar deposits, and issues a token, an electronic liability. The issuer backs its token with credit risk-free government securities. This threatens to change the dynamics of your business, because the "new deposits" must be

100% backed by government securities. This is what the academics call a narrow bank, and it will change the nature of fractional reserve banking and may disintermediate banking deposits.

How this will evolve is not clear, but it should not be ignored. What other instruments are banks going to confront as a new type of money? Are banks going to issue other kinds of liabilities? Are they going to market the concept of savings accounts more vigorously or CDs more vigorously? Because banks may have to fund loans with something other than stablecoin. Stablecoins may be the new demand deposit.

Bankers must think about these things now. Will there be a new kind of sweep account to move funds to and from the stablecoin account? Are you going to use a third party? Third parties will, I suspect, arise for dealing with the transmission of stablecoin to more traditional payments mechanisms. Are banks going to be sufficiently familiar with the business model and mechanism to trust the vendor who's going to offer the service? Unless a bank has the scale, it will not have the technical depth to do this on its own and must rely on outside parties. So, bankers must prepare now. Know enough to ask the right questions and adapt to survive. I remember the startup of money markets funds to get around regulation Q. Bankers figured it out. They struggled. It was a threat, but they figured it out. And so now bankers have another "opportunity" to figure it out. And I have every confidence they'll do it.

Bobby: So, I have a follow-up question. What about competition? We are seeing a flood of new charters. And we are also seeing a flood of mergers and acquisitions. What words of advice do you have to the banker that's watching the new entrants come on one side and on the other side watch competitors start to be merged out of existence. What calculus, what thought process would you recommend?



Tom: Well, I think as far as new entrants go, that's good. Are you talking about entrance into the stablecoin part of this, or into the commercial banking business itself? Because until recently, I haven't seen that many charter applications for new bank charters, but I think there's going to be a flood around the stablecoin GENIUS Act facility, because everyone thinks they're going to make a million dollars overnight. Despite all its challenges, the banking industry, and the community bank, is still the most trusted financial institution for most Americans.

Bobby: Some are coming in with fintech charters. Others are coming in with banking charters. Maybe they think they're going to parlay stablecoin and fintech into the bank of the future?

Tom: First, I hope there are new entrants into banking, because competition is healthy. If those entering the business are knowledgeable, prudent, and they have the capital to do it, consumers will win.

Second, we are going to experience continued consolidation and acquisitions even among new entrants. The US still has over 4,000 banks, and mergers among them are a certainty as scale is necessary given emerging technologies. The world of fintech, of stablecoin, demands scale. Banks must have sufficient size to hire professionals with both traditional banking skills and new technical skills. Size matters, and that's going to drive mergers forward.

When I entered this business there were roughly 16,000 banks. Now we have 4,000. That trend of consolidation is only going to continue as complexity demands specialization within the bank, and specialization requires scale. Thus, there will be more consolidation. Now, if I were a banker, I'd be deciding my future accordingly. Can I acquire? Can I grow internally to get the size I need? Can I hire enough young, technically knowledgeable individuals who can help the bank adapt to change? These are the questions that must be asked today, to manage to the future.

It's been done, right? We've had huge changes in the past. The money market, as I already mentioned. We've had mergers, we've had major financial crises, and the smart, patient, prudent banker makes it through. Yes, bankers face difficult questions and challenges, but these are questions that the bankers have been asking themselves for decades, and always successfully.



BSA Insights

Combating Money Laundering



Financial institutions today are at a pivotal moment as fraudsters blend traditional tactics with cutting-edge technology. As a result, the volume and complexity of suspicious activity is surging. The rise of new payment rails has accelerated transaction speeds and introduced fresh vulnerabilities, including cross-border loopholes to unclear fund flows, and challenges in recovering transactions.

To keep up, many institutions are deploying their AML and CFT teams in support roles across the organization. This stretches the already-limited teams thin, raising the possibility of disruptions in core compliance processes. Meanwhile, the race to adopt innovative tools and partner with fintechs often outpaces the ability to conduct the due diligence needed to help ensure strong third-party controls—leaving institutions further exposed to oversight gaps and expertise shortfalls.

Compounding these challenges, shifting business models and global developments continually reshape the threat landscape. Regulators have flagged widespread gaps in program governance, transaction monitoring, reporting, and risk assessments. The result? A wave of enforcement actions and costly fines that underscore the price of compliance failures. Now more than ever, financial institutions must strengthen governance, recalibrate their frameworks, and tailor AML/CFT and sanctions controls to help protect against familiar scams and emerging threats.

Recent Trends & Supervisory Findings

Independent reviews are essential for helping institutions stay ahead of money laundering, terrorist financing, and other illicit activities. Recent examinations have revealed several recurring gaps that increase exposure to financial crime and regulatory scrutiny. Below, we explore several of the key themes that we have observed in our reviews.

Governance, Board Reporting, & Training

Regulators frequently highlight weaknesses in board-level reporting and training. Boards often receive narrow metrics that lack the context of emerging typologies, concentrations of high-risk segments, or



remediation backlogs. Timely insights are frequently missing, and training tends to be too high level, falling short of the depth needed for effective oversight. These significant gaps hinder program governance, resource allocations, and the establishment of clear risk tolerances, ultimately increasing operational, compliance and reputational risk.

Customer Identification & Due Diligence

Customer Identification Program (CIP), customer due diligence (DD), and enhanced due diligence (EDD) policies are foundational to risk assessment. However, institutions often rely on outdated or incomplete frameworks. CIP manuals can skip record-keeping steps for verifying customer identification and “one-size-fits-all” identity checks fail to adjust for customer risk profiles, opening the door to stolen ID schemes.

CDD and EDD practices also can fall short with inconsistent documentation and weak customer risk rating methodologies, which creates potential blind spots around customer activity, beneficial ownership, and secondary stakeholders that compromise risk-based decision making. Furthermore, the lack of comprehensive due diligence reviews and the failure to recalibrate risk assessments in response to behavior or transaction patterns can leave institutions exposed to emerging typologies going undetected.



Overreliance on Automated Systems

While automation is a powerful tool, regulators warn against leaning too heavily on it as the balance between technology and human oversight is pivotal for AML/CFT monitoring and sanctions compliance. If alerts are routinely cleared without documentation, which impacts auditability and obscures patterns, further investigation may be warranted. Off-the-shelf solutions that aren't tailored to an institution's risk profile also can leave critical gaps in compliance defenses. Striking the right balance between technology and human oversight is key.

High-Risk Customer Monitoring & Suspicious Activity Oversight

Institutions frequently lack formal frameworks for managing high-risk customers. Without clear responsibilities, review frequencies, or reporting protocols, investigations become informal and ad hoc—leaving little documentation to support changes in ongoing customer risk ratings. Policies that rely too much on automated monitoring without manual follow-up, escalation guidelines, or audit trails fall short of delivering comprehensive oversight and increase the risk of misuse.

Policy Development

Strong policies are essential in building a resilient AML/CFT framework. Yet regulators have noted instances where policies and procedures failed to outline expectations for investigation of suspicious activity and documentation of decisions not to file suspicious activity reports (SARs), define the frequency of high-risk customer and account reviews, and lacked clear methodologies for customer risk scoring.

Effective policies should clearly outline:

- Risk rating methodologies
- SAR triggers and documentation standards
- Monitoring frequencies by risk tier
- Escalation paths and organizational responsibilities

Treating policies as “living” documents that evolve with changing risk profiles and regulatory expectations helps ensure teams are guided by relevant, up-to-date information.

The Road Ahead

Institutions can no longer rely on static controls or siloed processes. Today's financial institutions must embrace a dynamic, data-driven approach to AML/CFT—one that anticipates emerging risks and fosters accountability across the organization. By investing in unified monitoring, scenario testing, and robust governance, organizations can transform AML/CFT from a compliance obligation into a strategic advantage.

Here are key steps your institution can take, including:

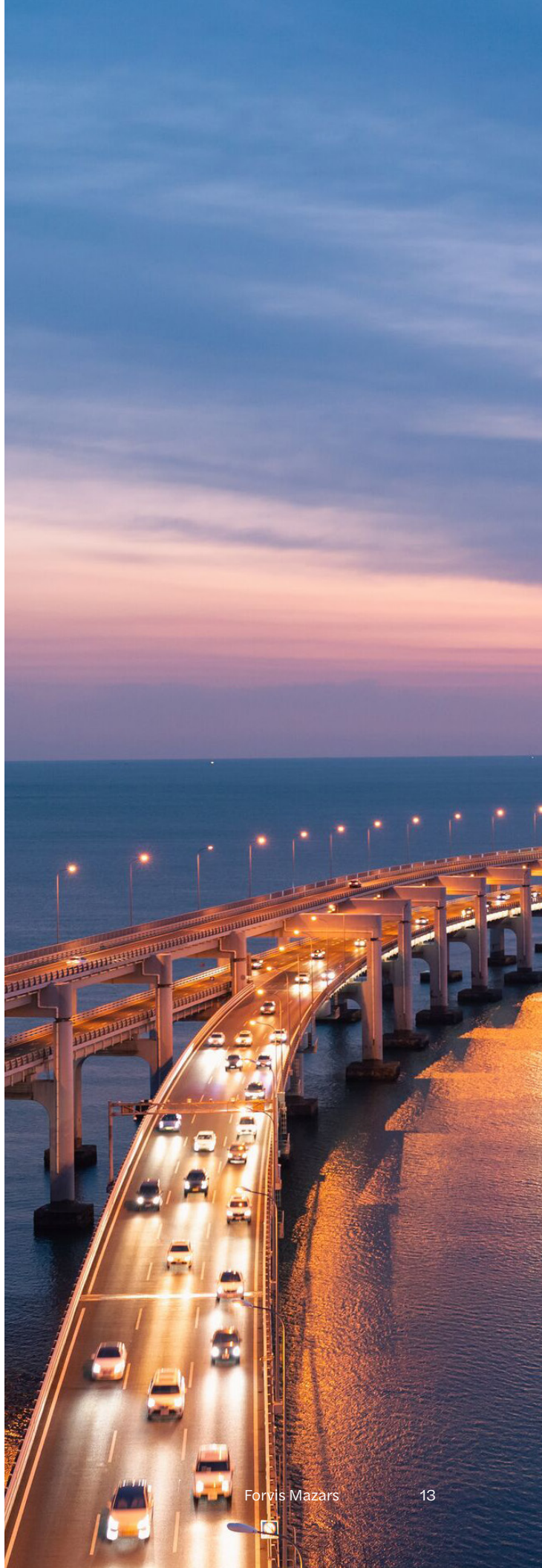
- Integrate fraud and AML for real-time intelligence. When transaction fraud flags merge with suspicious activity patterns, analysts can detect high-velocity laundering schemes before they escalate.
- Implement scenario-based risk assessments that adapt to changing threats. Coupling the unified view with scenario-based risk assessments helps ensure programs evolve alongside shifting typologies. By simulating current and emerging threats, organizations can proactively calibrate thresholds, controls, and contingency plans.
- Establish AI and model governance with clear documentation. As institutions adopt automation and advanced analytics, establishing AI and model governance and controls is critical. Clear documentation, version controls, and explainability protocols help safeguard against unintended bias and regulatory pushback.
- Enhance due diligence and ongoing monitoring of fintech and third-party partners. Third-party relationships and fintech partnerships introduce unique risks that demand careful consideration. Enhanced due diligence at onboarding, and ongoing monitoring throughout the relationship life cycle, helps institutions spot potential vulnerabilities to mitigate risks or terminate the relationship before issues persist.

BSA Insights

Combating Money Laundering

- Expand digital asset sanctions screening capabilities to cover emerging payment rails. Expanding digital asset and sanction screening to cover emerging rails, such as stablecoins or other cross-border payments, helps ensure that innovation does not outpace compliance and oversight. By integrating real-time blockchain intelligence with watchlists, institutions can detect sanctioned addresses and suspicious transaction flows within decentralized networks. Furthermore, leveraging AI-driven pattern recognition further helps ensure layering tactics or peer-to-peer transfers across various payment rails are flagged before they pose potential systemic risks.
- Embed continuous training and cross-functional governance to help cement accountability. Implementing regular, role-specific training keeps organizations aware of internal processes, current and emerging risks, and regulatory updates. In addition, enterprisewide efforts to align compliance with the institution's risk profile are imperative. Robust AML/CFT governance establishes the structural foundation for clear accountability, consistent policy enforcement, and proactive risk management to enable institutions to swiftly adapt to emerging threats.

While not an encompassing list, recognizing the strategic weight of AML/CFT processes is essential as a proactive defense against threats and vulnerabilities that can undermine trust in your institution or the industry.





Digital Assets

Stablecoin Leading Change

Stablecoins are no longer on the fringe of finance—they're rapidly becoming central to the future of payments. As blockchain-based digital assets designed for fast, borderless transactions, stablecoins are gaining momentum across the global financial system and capturing attention from Wall Street to Main Street to Capitol Hill. With the passage of the GENIUS Act in July 2025, the U.S. has taken a significant step toward developing a regulatory framework, signaling that stablecoins are now welcome in the traditional banking system. This shift is prompting banks to re-evaluate their roles in a digitizing economy, where digital assets are not just viable—they're foundational. Institutions that embrace innovation and adapt to this evolving landscape will be better positioned to lead in the next era of finance.

But, with opportunity comes disruption. Stablecoins are reshaping the payments landscape, raising concerns about their impact on fixed income markets, customer deposits, and the growing competition from nonbank financial companies. Banks are on notice—and the time to act is now.

Banks React to the Stablecoin Shift

Stablecoins have been part of the cryptocurrency landscape since 2014, but their recent momentum signals a shift: they're no longer just a niche innovation, they are becoming a serious financial tool. As adoption grows, banks are paying close attention.

On one hand, stablecoins pose a real challenge to traditional banking. Analysts warn that as customers move funds into regulated stablecoins, trillions of dollars could flow out of banks' deposit franchises, potentially disrupting liquidity and local lending. Bank leaders are also concerned that large retailers might find ways around restrictions on interest-bearing stablecoins under the GENIUS Act. These concerns have sparked calls for clearer regulations, including broader bans on offering interest or yield and tighter rules around nonfinancial companies entering the space.

Banks are also pushing back on Section 16(d) of the GENIUS Act, which allows uninsured, out-of-state depository institutions to operate locally

without oversight. Many argue this undermines state regulatory authority and threatens the integrity of the dual banking system.

On the other hand, despite these challenges, banks see opportunity. GSIBs are already developing their own stablecoins and blockchain-based deposit models. Smaller institutions considering stablecoins are facing a choice: build their own solutions, partner through white-label or consortium models, or risk falling behind. The rise of stablecoins is forcing banks to adapt. Still, several concerns continue to cloud the industry's outlook. In the next section, we will explore the most pressing issues the regulators and institutions must face head-on.

In short, stablecoins are reshaping the financial landscape. Banks must evolve—but not without addressing key concerns. In the next section, we'll dive into the most pressing regulatory and institutional challenges ahead.

Adoption Challenges

While stablecoins offer exciting possibilities, their path to mainstream adoption isn't without obstacles. Banks face real challenges, especially when trying to integrate these innovations into legacy systems. Without a well-designed framework for both internal operations and customer experience, stablecoins may struggle to gain traction.

Here are some of the key concerns surrounding adoption:

Financial Stability & Market Risks

- **Market Runs:** Like traditional banks, stablecoins can experience a "run," where many asset holders try to redeem their tokens at once. This could overwhelm reserves and trigger asset sales, threatening the viability of stablecoin.
- **De-Pegging Risk:** Stablecoins are designed to stay pegged to a reference asset (like the U.S. dollar). However, market volatility or liquidity events can cause a stablecoin to deviate from that peg, resulting in price instability.

Digital Assets

Stablecoin Leading Change



- **Liquidity Event:** Timing issues in the settlement process could create temporary liquidity shortages, especially during periods of high demand or stress.
- **Concentration Risk:** Today, the market currently is dominated by a small number of issuers, creating opportunities for single points of failure that could ripple across the ecosystem.
- **Interest Rate Risk:** Stablecoins are backed by reserve assets, often U.S. Treasuries or cash equivalents. If interest rates fall, the value of these reserves may drop, especially if issuers are forced to sell at a loss during redemptions. Issuers typically earn interest on these reserves without passing it on to holders, creating a yield arbitrage. But when rates decline, that margin shrinks, putting pressure on their business models.

Regulatory Challenges

- **Regulatory Uncertainty:** The regulatory landscape is fragmented, with federal and state authorities applying different standards. This patchwork approach creates confusion and makes compliance difficult for institutions operating across jurisdictions.
- **Illicit Activity:** Value stability and ease of access make stablecoins attractive to bad actors seeking to move funds discreetly. Without strong oversight, they could become tools for money laundering or other illegal activity.

Operational & Technological Risks

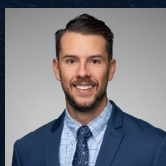
- **Cybersecurity Threats:** Smart contracts and digital wallets are vulnerable to attacks. Hackers can steal private keys through phishing, or destabilize a token's peg, which poses serious risks to user and issuers.
- **System Failures:** Technical bugs, human error, or outages could result in lost funds or delayed transactions, undermining trust in the system.

- **Technology Infrastructure:** Seamless integration between stablecoins, wallets, and traditional fiat systems is still a work in progress. Without interoperability, user experience and scalability suffer.

Despite their growing popularity and potential to reshape the financial landscape, stablecoins present a complex path to integration. Banks face several risks and challenges that demand thoughtful, adaptable frameworks. **Institutions that proactively address these challenges and invest in resilient infrastructure will be best positioned to lead in the evolving digital asset.**



“With opportunity comes disruption. Stablecoins are reshaping the payments landscape, raising concerns about their impact on fixed income markets, customer deposits, and the growing competition from nonbank financial companies. Banks are on notice—and the time to act is now.”



Nik Fahrer
Blockchain & Digital Assets
Practice Leader



Regulatory Overview

Regulatory Overview

Legislative



In Q3 2025, Washington made several key moves in an effort to modernize financial markets, expand investment choices, and guard against discriminatory banking practices, among other efforts. The U.S. House of Representatives passed the Digital Asset Market Clarity Act of 2025 (CLARITY Act) to define the market structure for blockchain-based commodities. The act also clarifies the roles of the SEC and Commodity Futures Trading Commission (CFTC) aiming to resolve long-standing jurisdictional uncertainty for digital assets.

The most notable move was when President Donald Trump signed the GENIUS Act into law, creating a federal framework for payment stablecoins. This law sets federal requirements that all payment stablecoin issuers must meet, outlines permissible activities, and opens the door for banks and nonbank entities to become issuers through the OCC or Stablecoin Certification Review Committee.

Together, these updates signal the embrace of innovation, ushering in a transformative era for digital payments.

Trump also signed two executive orders that further shape the financial services landscape:

- **Executive Order 14331:** Prohibits banks and other institutions from denying or restricting services based on customers' political, religious beliefs, or lawful activities, directly addressing concerns about "debanking."
- **Executive Order 14330:** Directs the U.S. Department of Labor, U.S. Department of the Treasury, and the SEC to revisit Employee Retirement Income Security Act of 1974 guidance, clearing the way for retirement plans like 401(k)s to allocate assets toward private equity, real estate, digital assets, and other alternatives.

The move hopes to broaden diversification and enhance long-term, risk-adjusted returns for plan participants.

Regulatory Overview

Federal Banking Agencies



Joint Agency Statements

Regulatory reprioritization continues as a core theme this quarter. In addition, with the review of Economic Growth and Regulatory Paperwork Reduction Act of 1996 underway, the agencies are actively seeking industry feedback to refresh outdated or overly burdensome rules, creating opportunities for banks to streamline compliance, redistribute resources toward innovation, and shape a leaner supervisory framework.

As the agencies continue to embrace fintech and digital innovation, they issued a joint statement on crypto-asset safekeeping underscoring that existing laws already cover digital custody services. While no new supervisory requirements were introduced, the agencies signaled a change to a more accepting posture toward these activities. However, institutions offering or planning to offer crypto custody should make sure their capital, liquidity, and operational risk frameworks continue meet current requirements, and then elevate third-party oversight, cybersecurity, and audit protocols to meet the unique challenges of emerging technology. This reaffirmation secures a runway for sustainable growth in digital asset services without fear of unexpected new rules while reinforcing expectations for sound risk management.

Another key development this quarter was the recalibration of the Community Reinvestment Act (CRA). Regulators proposed removing the 2023 CRA rule in favor of the previous framework with only technical tweaks. This opens a window to realign CRA programs around genuine local impact, while reducing regulatory burden. Institutions can use this transition to sharpen community investment strategies and request CRA examination metrics that better reflect market realities.

Data and reporting modernization were also addressed. Call Report enhancements, spanning troubled debt restructurings and the enhanced supplementary leverage ratio, highlight a broader push for greater transparency and consistency in capital and credit disclosures. Updating systems and controls is key to meeting these evolving requirements with ease.

Looking ahead, three strategic currents are expected:

- Reform of the regulatory capital framework, including Basel III Endgame's finalization
- Establishing a regulatory framework over digital assets
- Continued tailoring of regulation and supervision

Engaging early in these areas will position institutions to influence rulemaking, explore new payment-rail innovations, and build resilient frameworks.

Federal Reserve Board

The Federal Reserve Board (Fed) decided to sunset its novel activities supervision program. Oversight of emerging financial technologies, including crypto assets, distributed ledger technology (DLT), and complex partnerships with nonbanks, will now be folded into existing examination procedures. This move reduces the stigma of "novelty" in oversight while maintaining expectations that institutions will integrate innovative practices directly into enterprise frameworks, board reporting, and daily supervisory evidence rather than relying on a separate program.

Monetary policy remains cautious and uncertain. Against a backdrop of moderated growth, dynamic unemployment figures, and inflation that remains above target, the Federal Open Market Committee

Regulatory Overview

Federal Banking Agencies



(FOMC) saw policy rates held steady in July at a target range of 4.25% to 4.50%. Chair Jerome Powell reiterated the agency's dual mandate of maximizing employment and stabilizing prices. In September, the FOMC cut policy rates by 25 basis points to a target rate of 4.00% to 4.25%. The highly anticipated action came amid repeated political and economic pressures and marks the first rate cut since 2024. The slowing labor market and uptick in unemployment were among some of the primary reasons for the move with Chair Powell signaling the committee will carefully assess incoming data, the evolving outlook, and the balance of risks as we look ahead.

Insights from the Fed's Beige Book released in July and September paint a picture of modest to flat activity across districts with institutions adopting conservative stances amid policy uncertainty. Labor markets were largely unchanged, with firms hesitant to hire due to economic uncertainties associated with weakening demand and reduced availability of immigrant labor. Price growth remained moderate as tariff-related price increases were partially passed on to customers, with most districts expecting price increases to continue in the months ahead. These trends suggest potential stress points for loan performance and consumer demand in segments sensitive to input-price inflation and underscores the need for institutions to carefully monitor regional economic conditions when setting credit pricing and policy.

In a move welcomed by the industry, the Fed released proposed revisions to the supervisory rating framework for Large Financial Institutions (LFIs), seeking a more holistic alignment of ratings with the underlying strength of bank holding companies and the broader banking system. The proposed revisions redefine what constitutes "Well Managed" by allowing an organization to remain in that category with up to two component ratings of "Broadly Meets Expectations" or "Conditionally Meets Expectations," and no more than one "Deficient-1" rating. The proposal also removes the presumption that one or more "Deficient-1" component ratings automatically trigger informal or formal enforcement action, instead calling for context-driven supervisory judgment.

FDIC

The FDIC revised its Enforcement Actions Manual regarding Minimum Standards for Termination of Cease-and-Desist and Consent Orders, introducing more flexible standards to allow termination of Federal Deposit Insurance Act §8(b) cease-and-desist and consent orders. Under the new guidance, termination is now possible when:

- An insured depository institution has achieved at least substantial compliance,
- An order is no longer applicable to the institution's current circumstances, or
- Deterioration prompts issuance of a new formal action.

This marks a clear shift from the previous requirement of full compliance for termination and gives examiners and the agency greater flexibility to tailor enforcement outcomes to current risk and operational realities.

Regulatory activity accelerated with the FDIC proposing more flexible signage requirements for digital channels and ATMs, clarifying permissible use of pre-populated customer information to satisfy Customer Identification Program requirements, and advancing several supervisory and rulemaking initiatives.

These initiatives include:

- Indexing multiple regulatory thresholds to inflation
- Restructuring the supervisory appeals process into a standalone Office of Supervisory Appeals
- Requesting information on industrial loan company application processes
- Proposing streamlined branch establishment and relocation rules with faster approvals for eligible institutions

Comment windows and proposed compliance dates signal potential near-term impacts for affected institutions.

Regulatory Overview

Federal Banking Agencies



OCC

The OCC has signaled a meaningful shift in its supervisory emphasis that financial institutions should incorporate into near-term planning.

With Bulletin 2025-16, the OCC removed references to disparate impact from its guidance and supervisory materials to align with Executive Order 14281 and expressed that it would no longer conduct examination procedures that assess disparate-impact liability.

On unlawful debanking, the agency issued a series of bulletins announcing actions to eliminate politicized or unlawful debanking in the federal banking system in alignment with Executive Order 14331. The move marks one of the first targeted actions on debanking released by any of the federal banking regulators. OCC Bulletin 2025-22 clarifies how the agency evaluates politicized or unlawful debanking in both review of licensing filings and CRA performance to reinforce the agency's holistic mandate to uphold safe, sound, and inclusive banking practices.

OCC Bulletin 2025-23 reaffirms banks' legal obligations to protect customer financial records under the Right to Financial Privacy Act (RFPA), emphasizing that records may only be disclosed to government authorities with proper RFPA certifications or legal processes. The OCC also updated its online customer complaint website to help consumers report on and agencies identify any unlawful debanking by its regulated institutions. Insights from the customer complaint website are expected to be leveraged as the agency refines its examination efforts on illegal debanking.

Revisiting licensing, the OCC elevated and renamed its chartering and licensing function, highlighting the importance of de novo bank formation, M&A activity, and its evolving role in licensing payment stablecoin issuers under the GENIUS Act.

Operational resilience and cyber risk remain key priorities. The OCC's Cybersecurity and Financial System Resilience Report emphasizes the heightened sophistication of cyberthreats and the need for stronger defenses, rapid recovery capabilities, and

more rigorous third-party risk management, especially as institutions deepen technology dependencies. Complementing this report, the OCC's Summer Semiannual Risk Perspective echoes that the federal banking system is fundamentally sound, but flags elevated commercial credit risk, potential consumer stress from slowing wage growth, and persistent operational and compliance risks tied to modernization, fintech partnerships, and rising fraud.

CFPB

The Consumer Financial Protection Bureau's (CFPB) activity this quarter creates a thematic shift in the agency's approach to supervision. Taken together, the agencies' proposals change their view of what constitutes "harm," restrict their oversight of both issues and institutions, and revise their requirements for data governance, reshaping which firms fall within CFPB supervisory reach and how those firms must design controls.

The agency proposed a new definition of "risks to consumers" for use when supervising nonbanks would change the supervisory trigger for conducting examinations of activities that present a high likelihood of significant consumer harm arising from a covered product or service. This change comes at a time where the new regulatory embrace of innovation and innovative products is likely to introduce new players to the financial services industry. If finalized, the rule could narrow the focus of CFPB's oversight to only those activities that pose the risk of serious harm. As such, fewer firms will likely find themselves in the agency's supervisory line of sight under the proposed rule, increasing institutions' confidence to expand into new partnerships, products, or services without provoking CFPB oversight.

The CFPB's reassessment of "larger participant" thresholds across the automobile financing, consumer reporting, debt collection, and international money transfers industries would reduce the number of entities that fall under CFPB's enhanced supervision, concentrate examination resources on the largest and most consumer-facing firms whose failures could produce systemically larger consumer impacts, and limit compliance burdens on smaller firms.



Regulatory Overview

Federal Banking Agencies

The agency advance notice of proposed rulemaking on Personal Financial Data Rights under §1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act reflects a complementary theme: consumer data access must be balanced against representation rules, cost allocation, data security, and privacy protections. The agency's focus on who may act as a consumer's representative, appropriate fee structures, and technical and privacy safeguards highlights operational friction points. Even though the proposal is in the earliest stages of rulemaking, institutions that provide, aggregate, or rely on consumer-directed data flows may want to take this opportunity to prioritize authentication, consent and delegation workflows, fee justifications, and comprehensive security and privacy controls while supporting lawful consumer access.

The agency's thematic realignment reduces uncertainty for many firms while simultaneously raising the stakes for those whose conduct or scale could cause significant consumer harm. Institutions that act quickly to identify concrete data, operational realities, and clear examples of downstream effects will be best positioned to shape and navigate a regulatory environment that is clearer in scope.





Regulatory Overview

U.S. Market Regulators

This quarter marked a shift in U.S. market oversight as the SEC and CFTC engaged in coordinated action to modernize market structure, clarify digital asset product pathways, and harmonize cross-jurisdictional rules. U.S. market regulators are working together to streamline key areas like market definitions, data and reporting standards, capital and margin rules, and innovation-related exemptions, creating a pathway for interoperable product development. The SEC and CFTC's joint commitments have focused on 24/7 markets, event and perpetual contracts, portfolio margining, and coordinated innovation exemptions, signaling a shift toward reducing cross-agency frictions and lowering structural barriers for trading platforms. For institutions, this could mean market structure changes with benefits like increased cross-product netting, unified custody and clearing solutions, with more consistent supervisory expectations across the securities and commodity regimes. Rather than sweeping rule changes, institutions should expect phased implementation through guidance, interpretations, as well as interpretive, no action, and exemptive letters. Furthermore, the regulators' coordination could create a strategic opportunity to align internal governance, risk, operational, and compliance frameworks with the evolving regulatory landscape.

Recent joint statements and staff actions have made it easier for registered exchanges to offer leveraged, margined, and spot crypto transactions. This action allows exchanges to design execution and financing measures for spot commodities that resemble traditional margin trading while staying within each agency's regulatory boundaries, enabling sponsors to move to executable listing applications. The SEC's approval of in-kind creations and redemptions for crypto exchange-traded products (ETPs) is an important step toward reducing settlement friction and counterparty risk. In-kind creations

and redemptions allow authorized participants to transfer underlying crypto assets, such as bitcoin and ether, rather than routing cash settlements through intermediaries, thereby lowering operational cost, shortening settlement cycles, and simplifying custody reconciliation.

SEC staff guidance on liquid staking and the Division of Trading and Markets' FAQs further narrow the regulatory uncertainty for commonly used staking and custody arrangements by clarifying when staking receipt tokens will not be treated as securities and setting implementation expectations for customer protection rule amendments. These clarifications reduce the likelihood that standard staking-as-custody arrangements will trigger registration or custody classification, while signaling heightened scrutiny for activities that incorporate entrepreneurial or managerial functions. Alongside this, the CFTC's actions including no-action extensions on position aggregation, reporting relief tied to derivatives clearing organizations, and withdrawing older prime-brokerage guidance preserves operational continuity for cleared derivative and prime services while placing the onus on market participants to reassess whether their business models meet registration thresholds.

The combined regulatory posture creates practical room for institutions to expand custody offerings, sponsor or distribute crypto ETPs, provide prime brokerage and financing for crypto positions, and deploy portfolio margining across product lines. Institutions that move into these areas should align product terms and client onboarding with investor protection norms, adopt custody models with segregated control of private keys and auditable proof-of-reserve practices, and implement reconciliation and settlement workflows that accommodate in-kind transfers and tokenized asset movements.



FSOC

In September, the FSOC met to discuss its priorities, including the role of economic growth in financial stability and plans to revisit guidance on nonbank financial companies amid evolving digital asset regulations. The FSOC reiterated that economic growth and national security are essential to financial stability, and that regulatory frameworks must evolve to support both. The council emphasized the importance of economic growth and security for financial stability by updating its framework for nonbank financial company oversight under Dodd-Frank, especially in the light of new digital asset policies. However, the remarks provided by the federal banking regulators are garnering attention as each agency reported on its efforts to enhance regulatory frameworks and supervision efficiency.

Below is an overview of the regulatory agendas across the agencies:

- Federal Reserve Measures: The Federal Reserve provided a comprehensive agenda of recent and developing priorities comprising:
 - Recalibrating examinations to emphasize financial vulnerabilities, reducing process-driven and horizontal reviews, and tailoring oversight to each institution's size, complexity, and risk profile to avoid imposing undue burdens on community banks;
- Collaborating with fellow agencies to restore the supplementary leverage ratio, solicit input on check fraud, revise the LFI ratings framework to more accurately reflect banks' financial conditions, and modernize CAMELS ratings through the Federal Financial Institutions Examination Council (FFIEC);
- Expanding outreach and convening targeted conferences to drive stakeholder engagement;
- Embracing innovation by withdrawing restrictive digital asset guidance and translating GENIUS Act directives into practice; and
- Assessing capital requirements holistically, including enhanced supplementary leverage ratio adjustments, GSIB surcharge calibration, Basel III refinements, and forthcoming proposals to enhance stress test transparency and soliciting public comment on underlying models and scenarios.
- OCC Regulatory Reforms: The OCC is resetting risk tolerance and reviewing post-2008 frameworks, focusing on chartering, simplifying capital and liquidity regulations, tailoring rules for community banks, and addressing debanking issues. Supervision will be risk-focused, with reforms targeting community bank practices, reviewing examination strategies to remove non-material risk activities, and concerns about redundant supervision with other agencies.



Regulatory Overview

U.S. Treasury

- **FDIC Reform Initiatives:** FDIC Acting Chairman Travis Hill underscored the agency's goals of driving economic growth and increasing access to capital while fundamentally overhauling supervision to target core financial risks. On the supervisory side, the FDIC is developing reforms to the CAMELS rating framework to realign component definitions with risk-focused objectives, including interagency rulemaking to define key terms for consistency, and proposing a streamlined appeals process. The agency is raising its continuous-examination program threshold from \$10 billion to \$30 billion, extending the consumer compliance examination for certain institutions under \$3 billion assets to a five-year cycle with a mid-term review, and simplifying Bank Secrecy Act (BSA) and IT examinations. On the regulatory front, the FDIC is modernizing risk-based capital rules, establishing a clear digital-assets framework under the GENIUS Act, refocusing resolution and receivership efforts, and crafting rulemakings to end debanking. It is also clearing the path for increased merger and de novo bank activity—all part of a broader shift toward a leaner, more agile supervisory and regulatory regime.

The message is clear—the agencies are unified in their commitment to forward-looking supervision grounded in practical risk exposures, tailored regulatory frameworks rooted in growth and innovation, and collaborative, consistent interagency oversight for institutions of all sizes. Staying up to date on regulatory developments is as important as ever. Proactively embedding strong governance, anticipating emerging risks, and aligning strategies with evolving supervisory expectations will be key to navigating this shifting landscape.





Appendix

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax



Capitol Hill

Date	Topic	Description	FORsight	Tag
7/4/2025	One Big Beautiful Bill Act	OBBBA extends Trump-era tax cuts, removes federal taxes on tips and overtime, and delivers big spending on defense and border enforcement.	State and Local Tax Aspects of the “One Big Beautiful Bill”	💧
7/17/2025	Clarity Act	CLARITY Act passes the House. The act aims to define the market structure for digital assets.	Compliance to Catalyst: Regulatory Shift for Digital Banking Growth	◆ ○
7/18/2025	Genius Act	The <i>GENIUS Act</i> was signed into law on July 18, 2025. The act establishes a framework for incorporating payment stablecoins in the financial system.	GENIUS Act – Ushering in a Transformative Era of Digital Assets Stablecoins & the GENIUS Act: What Financial Institutions Need to Know	◆
8/7/2025	EO 14330 - Democratizing Access to Alternative Assets for 401(k) Investors	Directs the U.S. Department of Labor, in consultation with the Secretary of the Treasury and the SEC, to re-examine its guidance regarding a fiduciary's duties under the <i>Employee Retirement Income Security Act of 1974</i> (ERISA) to clear the path for participation in asset allocation funds that include investments in alternative assets.		◆
8/7/2025	EO 14331 - Guaranteeing Fair Banking for All Americans	Directs federal regulators to eliminate politicized or unlawful “debanking” practices that restrict access to financial services based on political or religious beliefs.		□
9/5/2025	Homebuyer Privacy Protection Act	Amends the Fair Credit Reporting Act and restricts when credit reporting agencies may share consumer reports with creditors during the residential mortgage process in an effort to combat “trigger leads.”		□

Appendix



Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- 💧 Tax

CFPB

Date	Topic	Description	Tag
7/21/2025	CFPB withdraws final ruling 90 FR 21691 ^{1,2} 1 Rescission of State Official Notification Rules Withdrawal 2 Rescission of State Official Notification Rules	CFPB withdrew the direct final rule issued on May 21, 2025. The rule would have the rescinded procedures that a state official must follow when notifying the CFPB that the official has taken an action to enforce the <i>Consumer Financial Protection Act</i> .	□
8/8/2025	CFPB Issues Four Advance Notices of Proposed Rulemaking ^{1,2,3,4} 1 Automobile Financing Market 2 Consumer Reporting Market 3 Consumer Debt Collection Market 4 International Money Transfer Market	CFPB issued four advance notices of proposed rulemaking (ANPRs) to reassess the thresholds that define “larger participants” in the automobile financing, consumer reporting, debt collection, and international money transfer markets.	□ ★
8/22/2025	CFPB Revisits “Open Banking” Rule	CFPB issued an advance notice of proposed rulemaking to gather public input on revising its Personal Financial Data Rights rule under Section 1033 of the <i>Dodd-Frank Act</i> .	□
9/22/2025	CFPB Publishes its Spring 2025 Agenda of its Planned Rulemaking Activities	CFPB published its Spring 2025 Semiannual Regulatory Agenda outlining its active and completed rulemakings.	□

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax



CFTC

Date	Topic	Description	Tag
7/8/2025	AI in Financial Markets- Enhancing Compliance, Supervision, & Enforcement	CFTC commissioner emphasized the powerful role of AI in transforming financial markets and addressed the need for robust regulatory frameworks.	○
7/9/2025	Referrals for Potential Criminal Enforcement ^{1,2} 1 CFTC Issues Advisory on Referrals for Potential Criminal Enforcement 2 Fighting Overcriminalization in Federal Regulations	Advisory outlines a new framework for referring potential criminal regulatory violations to the DOJ, emphasizing factors like harm, financial gain, intent, and industry expertise.	○
7/9/2025	No-Action Letter Extension Regarding Counterparties Clearing Swaps Through Relief DCOs	CFTC extended no-action relief for counterparties clearing swaps through exemptive order DCOs, easing certain Part 45 reporting obligations including continuation data and Unique Transaction Identifier requirements.	○
7/18/2025	CFTC Withdraws Advisory on Prime Brokerage Arrangements	CFTC withdrew prior guidance on prime brokerage arrangements, requiring entities to independently determine if they qualify as futures commission merchants or other registrable entities.	○
7/18/2025	No-Action Letter Extension Regarding Position Aggregation Requirements	CFTC extended its no-action relief for certain position aggregation requirements under Regulation 150.4, allowing market participants temporary leniency for missed or incomplete exemption filings.	○
9/5/2025	CFTC Issues Policy Statement on Referrals for Potential Criminal Enforcement	CFTC issued a policy statement outlining steps to comply with EO 14294, which aims to fight overcriminalization in federal regulations.	○
9/9/2025	CFTC Withdraws Operational Resilience Framework Proposed Rules	CFTC withdrew its proposed rulemaking for an operational resilience framework that would have required futures commission merchants, swap dealers, and major swap participants to implement comprehensive programs for technology security, third-party relationships, and business continuity, along with governance, training, testing, recordkeeping, and incident notification requirements.	○

Appendix



Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- 💧 Tax

CFTC

Date	Topic	Description	Tag
9/10/2025	CFTC Withdraws Voluntary Carbon Credit (VCC) Derivative Contracts Guidance	CFTC announced the withdrawal of its “Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts” citing previously established frameworks that provide sufficient coverage.	○
9/11/2025	CFTC Staff Withdraws Guidance on DCO Recovery Plans and Wind-down Plans	CFTC’s Division of Clearing and Risk issued a withdrawal notice of CFTC Letter Number 16-61 in an effort to remove duplicative guidance.	○
9/15/2025	CFTC Withdraws Parts 37 and 38 Proposed Rule	CFTC announced it is withdrawing proposed rulemaking 89 FR 19646 to reconsider requirements given evolving market structures.	○
9/22/2025	CFTC Staff Extends No-Action Position for Certain Package Transactions from the Trade Execution Requirement for Swaps	CFTC’s Division of Market Oversight extended its no-action position regarding trade execution and related requirements for swaps executed as part of package transactions for made available to trade swap and futures contracts.	○
9/23/2025	CFTC Launches Tokenized Collateral and Stablecoins Initiative	CFTC kicked off a new initiative to integrate tokenized collateral, including stablecoins, into derivative markets.	○
9/24/2025	CFTC Issues Proposal to Revise Business Conduct and Swap Documentation Requirements	CFTC proposed amendments to revise business conduct and swap documentation requirements for swap dealers and major swap participants to address concerns raised by entities regarding the friction between the external business conduct standards and swap trading relationship documentation rules.	○

Appendix



Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- 💧 Tax

FASB

Date	Topic	Description	FORsight	Tag
7/23/2025	FASB Proposes Codification Improvements	FASB approved updates to 34 areas of the Accounting Standards Codification to clarify reporting on topics such as earnings per share, Treasury stock retirement, and lease receivables.	FASB Quarterly Update Q2 2025	●
8/13/2025	A Summary of FASB's Board Meeting: Clarity on Accounting for Environmental Credit Programs	FASB clarified that environmental credits should be accounted for under Topic 818, affirming guidance on recognition, measurement, and derecognition, with full retrospective application required.	FASB Quarterly Update Q2 2025	●
9/3/2025	Accounting for Debt Exchanges	FASB finalized guidance that will let companies treat certain debt exchanges with multiple creditors as new debt issuances and extinguishments, without needing complex calculations.		●
9/18/2025	FASB Revises Internal-Use Software Cost Guidance	FASB's new Accounting Standards Update (ASU) revises guidance for internal-use software costs by eliminating the stage-based capitalization model and introducing a more flexible criteria-based approach.		○

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- ⦿ Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax



FDIC

Date	Topic	Description	FORsight	Tag
7/3/2025	Consumer Compliance Supervisory Highlights	FDIC issued its 2025 Consumer Compliance Supervisory Highlights, providing a view into the agency's consumer compliance supervisory activities.		□
7/3/2025	FDIC Issues List of Banks Examined for CRA Compliance	FDIC released its periodic statement presenting the results of the FDIC-regulated banks evaluated for CRA compliance. In total, 71 institutions were assessed during the period.		□
7/15/2025	Proposal to establish Office of Supervisory Appeals	FDIC proposal to amend the agency's guidelines for appeals of material supervisory determinations.		⦿
7/18/2025	NPR for Establishment & Relocation of Branches and Offices ^{1,2} 1 303.2 Definitions 2 12 CFR Parts 303 and 345	FDIC proposed a rule to simplify and expedite the process for establishing or relocating branches and offices.		□
7/18/2025	Regulatory Threshold Adjustments	FDIC issued a notice of proposed rulemaking that would update regulatory thresholds to index key audit and reporting thresholds to reflect historical inflation.	FDIC Considers New Policy for Updated Regulatory Thresholds	★
7/21/2025	RFI for ILC application process ^{1,2} 1 Request for Information on Industrial Banks and Industrial Loan Companies and Their Parent Companies 2 Parent Companies of Industrial Banks and Industrial Loan Companies; Withdrawal of Proposed Rule	FDIC approved a Request for Information to evaluate its application process for industrial loan companies (ILCs) and their parent firms. Separately, FDIC withdrew a proposed rule change to FDIC Part 354.		□

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- ⦿ Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax



FDIC

Date	Topic	Description	FORsight	Tag
8/5/2025	FDIC Clarifies its Approach Regarding CIP Requirements	FDIC issued FIL 39-2025 to clarify the agency's position on the use of pre-populated data at account opening to satisfy customer identification program requirements.		■
8/5/2025	The FDIC Issues List of Banks Examined for CRA Compliance	FDIC released its periodic statement presenting the results of the FDIC-regulated banks evaluated for the Community Reinvestment Act (CRA) compliance. In total, 69 institutions were assessed during the period.		□
8/19/2025	FDIC Proposes Amendments to Official Signs and Advertising Requirements	FDIC proposed amendments to its signage and advertising rules (12 CFR 328.4 & 328.5) to ease implementation burdens from the 2023 Final Rule and reduce consumer confusion, especially in digital banking environments.		⦿
9/5/2025	The FDIC Issues List of Banks Examined for CRA Compliance	FDIC released its periodic statement presenting the results of the FDIC-regulated banks recently evaluated for CRA compliance. In total, 59 institutions were assessed during the period.		□
9/8/2025	Enforcement Actions Manual Updated to Clarify Minimum Standards for Terminating Cease-and-Desist and Consent Orders	FDIC updated its Enforcement Actions Manual to allow for more flexible termination of cease-and-desist and consent orders.		⦿
9/19/2025	FDIC Releases Results of Summary of Deposits Annual Survey	FDIC released the results of its annual survey of branch office deposits for all FDIC-insured institutions as of June 30, 2025.		⦿

Appendix

Legend



- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- Tax

FRB

Date	Topic	Description	Tag
7/10/2025	Proposed Revisions to the Supervisory Rating Framework for Large Bank Holding Companies	Fed Proposed Revisions to the Supervisory Rating Framework for Large Bank Holding Companies	□
7/16/2025	Beige Book Issued	Fed releases its July Beige Book noting modest to flat economic activity as businesses remained conservative amid policy uncertainty, slight job and wage growth, and increasing input costs driven by tariffs and other policy changes per reporting across the 12 Federal Reserve districts.	○
8/15/2025	Fed will Sunset Its Novel Activities Supervision Program	Fed announced it will end its Novel Activities Supervision Program and return to monitoring banks' novel activities through the normal supervisory process.	◆
9/3/2025	A Summary of the Latest Beige Book	Fed released its September Beige Book reporting economic activity across its 12 districts was modest to flat, with consumer spending pressured by rising costs and stagnant wages. The labor market remained mostly unchanged amid uncertainty and weak demand.	○
9/17/2025	An Overview of the Federal Open Market Committee Meeting	FOMC announced a 0.25% rate cut in September, lowering the federal funds rate target range to 4.00%–4.25%, citing a weakening labor market as the main reason for the change.	○

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax



FSOC

Date	Topic	Description	Tag
9/10/2025	September Financial Stability Oversight Council Meeting	FSOC met to discuss financial stability priorities, emphasizing the importance of economic growth and security, and announced plans to revisit its guidance for nonbank financial company determinations and risk analysis, especially in light of new digital asset policies. In addition, several federal banking agencies outlined their near-term supervisory priorities.	◆ □

SBA

Date	Topic	Description	Tag
8/26/2025	SEC Small Business Capital Formation Advisory Committee Meeting	Discussion of potential enhancements to Regulation A, an exemption that allows companies to raise public capital without registering with the SEC. In addition, discussions on “finders,” described as entities that connect businesses with private investors.	□

U.S. Treasury

Date	Topic	Description	Tag
9/18/2025	Treasury Seeks Public Comment on Implementation of the GENIUS Act	U.S. Department of the Treasury issued an advance notice of proposed rulemaking seeking public comment on questions related to Treasury’s implementation of the GENIUS Act.	□

Appendix

Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- 💧 Tax



Joint Agency

Date	Topic	Description	FORsights	Tag
7/11/2025	Call Report Revisions	FFEIC published regulatory reporting changes impacting the Call Report.	U.S. Banking Agencies Revise the Enhanced Supplementary Leverage Ratio	✦
7/14/2025	Crypto-Asset Safe Keeping	Federal banking agencies reaffirmed how existing laws and regulations apply to the safekeeping of crypto assets and emphasized the importance of prudent risk management.	Crypto-Asset Safekeeping	◆
7/18/2025	Proposal to rescind the CRA final rule issued in 2023	Federal banking agencies proposed rescinding the 2023 Community Reinvestment Act (CRA) Final Rule.	U.S. Banking Agencies Reverse Course on the Community Reinvestment Act (CRA)	□
7/21/2025	Federal Bank Regulatory Agencies Seek Further Comment on Interagency Effort to Reduce Regulatory Burden	The banking agencies announced a notice requesting public comment to reduce regulatory burden. Comments are requested for certain regulations in the following categories: banking operations, capital, and CRA.		○
9/2/2025	SEC and CFTC Issue Joint Statement on Trading Spot Crypto Asset Products	SEC and CFTC clarified its position on leveraged, margined, or financed spot crypto asset products, potentially paving the way for U.S. exchanges to introduce spot crypto products.		○
9/5/2025	Harmonization between the U.S. Market Regulators on the Horizon	SEC and CFTC announced a joint commitment to coordinate U.S. market regulation, aiming to harmonize product definitions, reporting standards, capital frameworks, and innovation exemptions for new financial products.		□
9/17/2025	U.S. Market Regulators Extend Form PF Compliance Date	The SEC and CFTC voted to extend the date investment advisers must comply with amendments to Form PF to October 1, 2026.		○

Appendix



Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✧ Reporting
- 💧 Tax

OCC

Date	Topic	Description	Tag
6/30/2025	OCC Risk Perspective	OCC's Spring 2025 semiannual report that identifies trends in key risks, economic operating environment, and bank performance.	●
7/3/2025	The OCC Releases the Cybersecurity & Financial System Resilience Report	OCC's annual report to Congress describing the measures to strengthen cybersecurity as well as the integrity of the agency's internal systems.	○
7/10/2025	Jonathan Gould Takes Office as the 32nd Comptroller of the Currency	Comptroller of the Currency was confirmed by the U.S. Senate and officially appointed as the 32nd Comptroller of the Currency.	○
7/14/2025	OCC Removes References to Disparate Impact ^{1,2} 1 Fair Lending: Removing References to Disparate Impact 2 Restoring Equality of Opportunity and Meritocracy	OCC removed references to the disparate impact in fair lending guidance, including the Comptroller's handbook to align with Executive Order (EO) 14281.	□
8/1/2025	The OCC Issues List of Banks Examined for CRA Compliance	OCC released its list of results of the national banks and federal savings associations evaluated for the Community Reinvestment Act (CRA) compliance. In total, 15 institutions were assessed during the period.	□
8/15/2025	The OCC Updates its Bank Accounting Advisory Series	OCC issued its annual update to the Bank Accounting Advisory Series (BAAS), which outlines the Office of the Chief Accountant's interpretations of GAAP and regulatory guidance.	●
9/2/2025	The OCC Issues List of Banks Examined for CRA Compliance	OCC released its list of results of the national banks and federal savings associations evaluated for the Community Reinvestment Act (CRA) compliance. In total, 11 institutions were assessed during the period.	□

Appendix



Legend

- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- 💧 Tax

OCC

Date	Topic	Description	Tag
9/8/2025	OCC Takes Action to Depoliticize the Federal Banking System ^{1,2} 1 Licensing and Community Reinvestment Act: Consideration of Politicized or Unlawful Debanking 2 Protecting Customer Financial Records	OCC issued bulletins clarifying how it considers politicized or unlawful debanking in licensing filings and bank CRA performance and reminding institutions of their responsibility to safeguard customer financial data in alignment with Executive Order 14331.	□
9/9/2025	OCC Elevates Chartering Function	OCC elevated and renamed its chartering and licensing function, appointing Stephen Lybarger as senior deputy comptroller to lead the group, signaling a renewed focus on new bank formation, mergers, and licensing payment stablecoin issuers under the new GENIUS Act.	○
9/18/2025	OCC Announces Updates to Organizational Structure	OCC announced a new organizational framework for bank supervision and updates to the structure of its Office of the Chief National Bank Examiner.	○
9/24/2025	OCC Reports on Second Quarter of 2025 Mortgage Performance	The OCC released its quarterly Mortgage Metrics Report highlighting bright spots across mortgage portfolios in the second quarter of 2025 as performance remained satisfactory with 97.5% of mortgages current and performing.	○

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Legend



- Accounting
- Broker-dealer
- BSA/AML
- Compliance
- ◆ Digital Assets
- Economy
- Regulator Internal
- ★ Regulatory Thresholds
- ✦ Reporting
- Tax

SEC

Date	Topic	Description	Tag
7/22/2025	SEC Small Business Capital Formation Advisory Committee Meeting	Discussion of potential enhancements to Regulation A, an exemption that allows companies to raise public capital without registering with the SEC. In addition, discussions on “finders,” described as entities that connect businesses with private investors.	○
7/29/2025	SEC Approves In-Kind Creations & Redemptions for Crypto ETPs	SEC approved in-kind creations and redemptions for crypto asset ETPs, allowing authorized participants to exchange bitcoin and ether ETP shares directly for the underlying assets, aligning them with traditional commodity ETPs.	◆
8/5/2025	SEC Issues Staff Statement on Certain Liquid Staking Activities	SEC’s Division of Corporation Finance provides clarity on the application of federal securities laws to crypto assets, specifically related to liquid staking.	◆
8/6/2025	SEC Issues FAQs to Help Broker-Dealers Implement Requirements Under U.S. Treasury Clearing	SEC’s Division of Trading and Markets released responses to Frequently Asked Questions (FAQs) related to the customer protection rule under Rule 15c3-3a.	○
9/5/2025	SEC Forms Cross-Border Task Force to Combat Fraud	SEC formed the Cross-Border Task Force to combat international fraud schemes targeting investors, with an initial focus on investigating foreign-based companies for securities law violations as well as scrutinizing gatekeepers like auditors and underwriters who facilitate their access to U.S. markets.	○
9/26/2025	SEC Seeks Public Comment to Improve RMBS and Asset-Backed Securities Rules	SEC published a concept release seeking public comment on ways to improve rules governing residential mortgage-backed securities (RMBS) and certain aspects of asset-backed securities to revive the RMBS market.	○



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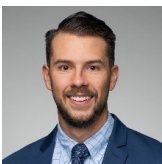


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