



FINREG Focus

U.S. Financial Services Regulatory Center Update

October 5, 2026

1. Federal Reserve finalizes stress test overhaul and seeks comment on 2027 model changes.
2. SEC proposes changes to expand retail access to private markets.

Overview of Key Developments

1. Federal Reserve Stress Testing Overhaul

What Happened?

On September 30, the Federal Reserve Board (FRB) finalized two rules that make significant changes to its supervisory stress testing framework and the way stress test results feed into large banks' capital requirements. The final rules retain much of the framework proposed in 2025, with several notable changes in response to public feedback.

The [first final rule](#), effective November 2, 2026, changes how the agency develops, discloses and administers its supervisory stress tests. Among other changes, the rule establishes annual public input processes for stress test scenarios and material model changes, revises the framework for designing stress scenarios, and adopts models for the 2027 supervisory stress test. The revised scenario framework adds guides for several economic and financial variables while preserving flexibility for the FRB to address salient risks. The rule also revises the annual stress testing process, changes the Global Market Shock (GMS) framework, and makes related changes to the FR Y-14 reports.

The Federal Reserve estimates that the finalized model changes together with the revised GMS framework would have reduced aggregate projected common equity tier 1 (CET1) declines by an average of 17 basis points based on its analysis of the 2024 through 2026 stress tests.

The [second final rule](#), effective December 1, 2026, changes how stress-test results are incorporated into firms' stress capital buffer (SCB) requirements. Beginning with the SCB requirements effective January 1, 2028, for firms that participate in two consecutive annual supervisory stress tests, the Federal Reserve will generally average the maximum CET1 ratio declines projected in the two tests rather than relying only on the most recent result. The rule also moves the annual effective date for updated SCB requirements from October 1 to January 1 and eliminates the existing two-year phase-in of highly material supervisory model changes. The dividend add-on remains part of the SCB and will continue to be updated annually rather than averaged.

Alongside the two final rules, the FRB [also requested comment](#) on an additional potential change for the 2027 stress test. The proposal would revise the noninterest income model to better capture differences across firms. It also proposes targeted FR Y-14 changes involving mortgage servicing rights, wholesale and commercial real estate exposures, pre-provision net revenue, securities, trading, and counterparty reporting, among other areas. Some of the proposed data collections are intended to help evaluate potential future model changes and do not necessarily mean corresponding model changes ultimately will be proposed. Comments are due December 1, 2026.

Why Does It Matter?

The final rules make several consequential changes to the approach outlined in 2025 and establish new processes and timelines that firms will need to incorporate into future stress-testing and capital planning activities:

- **The December 31 stress test jump-off date will remain in place.** The proposal would have moved the date to September 30. Instead, the final rule retains December 31 and adjusts other milestones to accommodate public input on scenarios. The revised schedule also changes the timing for proposed and final scenarios, capital plan submissions, final model disclosures, reconsideration requests, and final SCB determinations.
- **The process for material model changes is more defined.** The final rule retains thresholds based on a 20 basis point impact to an individual qualifying firm's projected post-stress CET1 ratio or a 10 basis point average absolute impact across qualifying firms, while broadening the firms considered in the assessment. Beginning with the 2028 stress test cycle, material model changes must be published by August 31 of the preceding year for at least 30 days of public input.
- **The GMS framework changes materially.** Rather than adopting the proposed 12-month as-of-date window, the Federal Reserve finalized a nine-month window from April 1 through December 31 of the year preceding the stress test. The framework also anticipates two GMS scenarios using the same as-of date, with the scenario producing the greater combined trading and counterparty loss determining each applicable firm's results. The Federal Reserve also narrowed the normal range for "severe" primary risk factor shocks from historical extremes to the 0.1st and 99.9th percentiles, while retaining flexibility to exceed those ranges in exceptional circumstances.
- **SCB averaging will begin later than originally contemplated.** Averaging will first be used in the 2028 SCB calculation cycle for requirements effective January 1, 2029, using stress capital declines from the 2027 and 2028 supervisory stress tests. This approach is intended to ensure that both results used in the calculation are based on models informed by public input.

The FRB estimates that, taken together, the changes would reduce year-over-year volatility in stress test-related capital requirements by approximately 50% without materially affecting aggregate capital requirements. In its historical analysis, the FRB estimates that average year-over-year changes in SCB requirements would decline from 64 basis points to 47 basis points, or approximately 27%, while the average SCB would move only slightly, from 3.83% to 3.80%.

The proposal for additional 2027 stress test model and reporting changes also shows that the framework will continue to evolve. In addition to the proposed noninterest income model change, the FRB is considering FR Y-14 revisions that could affect firms' regulatory reporting and provide data to evaluate potential future model development. Firms, therefore, will need to consider both the changes finalized on September 30 and additional model and reporting changes that remain subject to public comment.

The Board approved the stress test rule by a 6-1 vote. Governor Michael Barr dissented, stating that while he supports aspects of the rule, disclosing models and seeking annual public comment on scenarios and model changes would, over time, make the test less responsive to emerging risks and allow firms to optimize balance sheets to the test.

The Bottom Line:

The final rules make the stress test more predictable and should roughly halve year-over-year volatility in capital requirements, but they are not settled. Barr's dissent, the open noninterest income model proposal, and the proposed FR Y-14 changes mean firms will be planning against a framework that is evolving. Capital planning teams should update their 2027 calendars for the new scenario-comment milestones, model the effect of two-year SCB averaging on distribution capacity starting in 2029, and decide whether to comment on the noninterest income model before the 60-day window closes.

2. SEC Proposes Expanded Retail Access to Private Markets

What Happened?

On September 30, the SEC [proposed two sets of amendments](#) intended to expand investor access to private-market and alternative investment strategies through regulated fund structures. The SEC also separately requested comment on professional credentials and an examination that could provide additional pathways for individuals to qualify as accredited investors.

The first proposal would expand when registered investment advisers can receive performance-based compensation. Advisers could charge regulated funds, including registered management investment companies and business development companies (BDCs), performance fees based on capital gains or appreciation. Conditions would include a 20% cap on net capital gains or net capital appreciation, governance requirements, and a board determination that the arrangement is in the best interests of the fund and its shareholders. The proposal would add accredited investors to the "qualified client" definition, and remove the "qualified client's" separate net-worth and assets under management tests. The proposal would also require enhanced disclosure of performance-based compensation.

The second proposal would modernize interval and other regulated closed-end funds. It would provide additional flexibility over the timing and frequency of interval-fund repurchases, permit deferred sales loads under specified conditions, and replace the requirement to maintain liquid assets equal to 100% of a repurchase offer with a principles-based liquidity standard. It would also create a rules-based framework under which certain regulated closed-end funds could issue multiple share classes without obtaining individual exemptive relief. The public comment periods will remain open for 60 days after the date of publication in the **Federal Register**.

Why Does It Matter?

The SEC notes that performance-based compensation has historically been associated with private funds and that existing restrictions may discourage advisers from offering certain strategies through regulated funds. The agency is seeking to modernize the interval fund framework as these funds increasingly provide investors with exposure to private-market assets. The proposals would provide advisers and regulated funds with greater flexibility while adding or maintaining governance, disclosure, and other investor-protection measures.

The practical significance lies in how that flexibility could affect investor eligibility, adviser compensation, fund-board responsibilities, liquidity management, and the distribution of regulated fund products.

Potentially broader access to performance-fee strategies. Advisers could offer strategies traditionally associated with private funds through regulated funds without requiring every investor to qualify as a qualified client, provided the proposed conditions are met. Adding accredited investors to the qualified-client definition could also eliminate a separate eligibility test for certain private funds that already limit participation to accredited investors.

Greater responsibility for fund boards. Boards approving performance fees would need to consider the fund's strategy and valuation practices, the fee-calculation basis, including whether the fee reflects realized gains, unrealized gains, or both, the measurement period, and investor-protection features such as hurdle rates, high-water marks, and loss carryforwards.

More flexibility for interval funds. Monthly repurchases, longer initial ramp-up periods, and a principles-based liquidity standard could help managers align shareholder liquidity with underlying portfolio assets. These changes could also require careful liquidity management during periods of sustained repurchase demand.

More flexibility for closed-end fund distribution. Multiple-share-class relief for certain continuously offered, non-exchange-traded regulated closed-end funds could reduce reliance on individual exemptive orders and support different distribution and fee structures across investor channels.

Potential expansion of accredited-investor pathways. The SEC is considering whether CPA, CFA, CFP, FINRA Series 79 and Series 86/87 credentials, and passage of a potential FINRA-developed examination, should provide additional ways to qualify. Comments are due 60 days after publication of the applicable proposals and notices in the **Federal Register**.

The Bottom Line:

The SEC proposals could expand the ways investors access private-market and alternative investment strategies through regulated fund structures while changing requirements and considerations around adviser compensation, fund governance, liquidity management, and distribution. Asset managers, investment advisers, regulated funds, and fund boards should assess how the proposed changes could affect existing products and operations, as well as opportunities to develop or offer new investment strategies and fund structures.

Office of the Comptroller of the Currency (OCC) Issues Revisions to Its Concentrations of Credit Handbook

On September 30, the OCC released version 3.0 of its [Concentrations of Credit](#) booklet in the Comptroller's Handbook. It replaces version 2.0 and rescinds OCC Bulletin 2020-90. The definition of a concentration remains the same: direct, indirect, or contingent obligations that add up to more than 25% of tier 1 capital plus the allowance for credit losses. What has changed is how the agency will review those exposures. The revised booklet:

- Pulls the "quantity of risk" material into one expanded section on risks from concentrations.
- Explains how correlated exposures relate to concentrations.
- Adds new material on how securitizations affect concentration levels and risk.
- Gives more detail on what's expected when measuring aggregate risk.

It also spells out the range of practices for banks of different sizes, complexity, and risk profiles. Supervisors have the flexibility to use expanded procedures when risk-based indicators indicate they are warranted.

What institutions should consider: Management and boards of national banks, federal savings associations, and federal branches should assess whether their concentration reporting identifies correlated exposures across portfolios, not just single-name or single-sector limits. They should also review how securitization activity, whether retained or sold, impacts reported concentration levels. Finally, they should confirm that limits, stress testing, and board reporting are commensurate with the institution's size and risk profile before the next examination cycle.

Recent Key Regulatory Developments

U.S. Department of the Treasury

Date	Topic	Summary
9/30	Treasury and Education Launch Defaulted Loans Support Center	Treasury and Department of Education launched a centralized online portal that allows borrowers with defaulted federal student loans to review resolution options and apply online for loan rehabilitation or consolidation, replacing prior paper-, mail-, and fax-based processes.

Financial Stability Oversight Council

Date	Topic	Summary
9/29	FSOC Reviews Financial Stability and Banking Regulatory Reform	FSOC reviewed third-quarter financial stability developments, household financial conditions, and fraud-related risks, and received an update from the federal banking agencies on recent efforts to simplify and modernize banking supervision and regulatory requirements.

Joint Banking Agencies

Date	Topic	Summary
9/29	Federal Reserve and FDIC Publish Resolution Plan Feedback for 15 Banking Organizations	The FRB and FDIC published feedback on October 2025 resolution plan submissions from 15 banking organizations, identifying no shortcomings or deficiencies and determining that a previously identified shortcoming in BNP Paribas's 2021 resolution plan had been satisfactorily addressed. Although no shortcomings were identified, the agencies' letter to American Express cited significant uncertainty about the feasibility of its preferred resolution strategy. Comptroller Jonathan Gould voted against that letter and called for the agencies to stop applying resolution planning below the \$250 billion statutory threshold.

Federal Reserve Board

Date	Topic	Summary
9/30	Federal Reserve Finalizes Changes to Stress Testing and Stress Capital Buffer Frameworks	The FRB finalized changes to increase transparency and public input in its supervisory stress testing framework and reduce volatility in stress test-related capital requirements, while also requesting comment on additional model changes for the 2027 stress test.
10/1	Vice Chair for Supervision Bowman Shares Initial Observations on the eSLR	Vice Chair for Supervision Michelle Bowman delivered remarks at the Atlantic Council titled "Modernizing Financial Regulation: Initial Observations from eSLR," addressing U.S. and international efforts to modernize financial regulation.

Recent Key Regulatory Developments

Office of the Comptroller of the Currency

Date	Topic	Summary
9/30	OCC Reports Second Quarter 2026 Bank Trading Revenue	The OCC reported that insured U.S. commercial banks and savings associations generated \$21.6 billion in second-quarter 2026 trading revenue, up 32.5% from the prior quarter and 30.6% from a year earlier, while total derivative notional amounts increased 1.3% to \$300.5 trillion.
9/30	OCC Updates Concentrations of Credit Handbook	The OCC issued an updated Concentrations of Credit booklet that expands discussion of concentration risk, clarifies expectations for banks of different sizes and risk profiles, and adds information on securitizations, correlations, and aggregate risk management.
10/1	OCC Releases CRA Ratings for 13 National Banks and Federal Savings Associations	The OCC published <i>Community Reinvestment Act</i> performance evaluations for 13 national banks and federal savings associations.

Financial Crimes Enforcement Network

Date	Topic	Summary
10/1	FinCEN Proposes Transmittal Prohibition Targeting A7 Shadow Banking Network	As part of Operation Economic Outcast, FinCEN proposed a rule that would prohibit transmittals of funds involving sub-agents of the A7 Network, a Russia-linked shadow banking network used by Iran to evade sanctions, and issued an Alert with red flags for suspicious activity reporting. OFAC separately designated the A7 Network a significant transnational criminal organization. Comments are due 30 days after Federal Register publication.

Securities & Exchange Commission

Date	Topic	Summary
9/30	SEC Proposes Changes to Expand Retail Access to Private Markets	The SEC proposed amendments addressing performance-based investment adviser compensation, interval funds, and regulated closed-end funds to expand retail access to private-market strategies, while separately seeking comment on additional professional credentials and an exam that could qualify individuals as accredited investors.
10/1	SEC's Division of Examinations Announces New Exam Handbook	The SEC's Division of Examinations published The SEC Exam Handbook: A Practical Guide on Process and Engagement, which replaces its prior examination brochure and lays out each stage of an exam, from risk assessment through the disposition letter, to make examinations more consistent and predictable for registrants.
10/1	SEC Proposes Crypto Custody Framework for Investment Advisers and Regulated Funds	The SEC proposed custody rules for crypto assets held by registered investment advisers and regulated funds. The rules would let state trust companies serve as custodians and allow advisers to hold client crypto themselves only when no permitted custodian is available. The proposal also updates audit and broker-dealer custody requirements, and comments are due 60 days after publication in the Federal Register .

Recent Key Regulatory Developments

Basel Committee on Banking Supervision

Date	Topic	Summary
10/1	Basel Committee Meets to Advance Supervisory and Regulatory Initiatives and Discuss Risks to the Global Banking System	At its September 28 to 29 meeting, the Committee approved revisions to curb year-end window dressing in the G-SIB assessment, finalized a machine-readable Pillar 3 disclosure standard, agreed to consult on further Pillar 2 guidance for interest rate risk in the banking book, and committed to an update on its crypto asset standard review by year-end. It also will review operational risk event types in light of cyber and AI developments.

Commodity Futures Trading Commission

Date	Topic	Summary
10/1	CFTC Extends Brexit-Related No-Action Relief	CFTC staff extended temporary no-action relief that lets certain U.K. swap dealers and trading venues keep the treatment they had before Brexit, while the CFTC works with U.K. authorities toward formal comparability determinations.

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
Joint Agency	Comments due on CRA regulations	Oct 13, 2026
	Comments due on expanded examination cycle for certain small insured depository institutions	Oct 14, 2026
	Comments due on third-party risk management guidance	Nov 16, 2026
Treasury	Comments due on GENIUS Act regulations on payment stablecoin issuance, offer, and sale	Oct 19, 2026
FRB	Comments due on regulatory modernization and relief for Mutual Holding Companies	Oct 5, 2026
	Comments due on loans to executive officers, directors, and principal shareholders	Oct 5, 2026
	Comments due on third-party risk management guide for community banks	Nov 16, 2026
	Comments due on the Federal Reserve Board's responsibilities under the GENIUS Act	Nov 30, 2026
	Comments due on application procedures for subsidiaries to issue payment stablecoins	Nov 30, 2026
	Comments due on model changes for the Board's 2027 supervisory stress test	Dec 1, 2026
OCC	Comments due on OCC rules regarding the availability of OCC information	Oct 5, 2026
FDIC	Comments due on extension of credit to insiders	Oct 5, 2026
	Comments due on disclosure of information	Oct 5, 2026
	Comments due on merger transactions	Nov 23, 2026
	Comments due on state bank parity	Nov 23, 2026
SEC	Comments due on Regulation Crypto Assets	Oct 20, 2026
	Comments due on transfer agent rules	Nov 3, 2026
	Comments due on political contributions by certain investment advisors (rescission)	Nov 9, 2026
	Comments due on proxy solicitation modernization	Nov 20, 2026
	Comments due on rescission of Rule 14a-8, amendments to Rule 14a-4	Nov 20, 2026

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
CFTC	Comments due on conflicts and affiliations	Oct 5, 2026
	Comments due on CPO/CTA and small commodity pool exemptions	Oct 5, 2026
	Comments due on listing of compute derivatives contracts	Oct 20, 2026
FASB	Comments due on improvements for the 2027 SEC Reporting Taxonomy	Oct 30, 2026
	Comments due on Codification improvements	Nov 19, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Financial Data Transparency Act joint data standards	Oct 1, 2026
	Unsafe or unsound practices, matters requiring attention	Nov 2, 2026
	Expanded examination cycle for certain small insured depository institutions	Sep 14, 2026
FDIC	FDIC official signs and advertisement of membership	Apr 1, 2027
NCUA	Limits on loans to other credit unions	Sep 8, 2026
	Rescission - Interpretive Ruling and Policy Statement 08-2	Sep 8, 2026
	Purchase, sale, and pledge of eligible obligations	Sep 8, 2026
	Third-party servicing of indirect vehicle loans	Sep 8, 2026
	Rescission - Interpretive Ruling and Policy Statement 06-1	Sep 8, 2026
	Suretyship and guaranty; Segregated deposit and collateral	Sep 8, 2026
	Termination of excess insurance coverage	Sep 8, 2026
	Rescission - Interpretive Ruling and Policy Statement 10-1	Sep 8, 2026
	Requirements for insurance	Sep 8, 2026
	Corporate Credit Unions	Sep 8, 2026
	Credit Union service contracts	Sep 8, 2026
	Simplification of share insurance rules	Dec 1, 2026
SEC	Form N-PORT and N-CEN reporting requirements¹	Nov 17, 2027
CFTC	Swap clearing requirements for the transition from CDOR and TIIE to CORRA and F-TIIE	Oct 8, 2026
	Whistleblower Award Determination	Oct 16, 2026
SEC/CFTC	Form PF reporting requirements	Jul 1, 2027
FinCEN	AML/CFT program and suspicious activity report filing requirements for registered investment advisers and exempt reporting advisers	Jan 1, 2028

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

Agencies Without Recent Key Developments

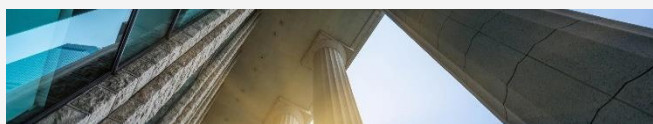
Several key regulators maintained their prior positions for the period, with no new actions to report, including:

- Legislative
- Federal Financial Institutions Examination Council
- Federal Deposit Insurance Corporation
- National Credit Union Administration
- Consumer Financial Protection Bureau
- Financial Accounting Standards Board
- Financial Stability Board
- International Organization of Securities Commission



U.S. Financial Services Regulatory Center Recent FORsights™

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



[Quarterly Insights: Financial Services Q2 2026](#)

Download our Q2 2026 insights featuring major regulatory and supervisory developments.



[Agencies Propose CRA Revisions for Lending Accountability](#)

OCC and FDIC propose targeted CRA updates for lending and community development grants.



[What the Agencies' TPRM Overhaul Signals for Bank Oversight](#)

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



[SEC Implementation of Daily Rule 15c3-3 Reserve Computations](#)

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



[The New FDIC Two-Phase Deposit Insurance Review](#)

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



[Implications of the Updated Interagency MRM Guidance](#)

Understand evolving guidance in model risk management.



[Treasury Clearing Changes Broker-Dealers Should Know](#)

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



[FFIEC Proposes Sweeping Overhaul of CAMELS Framework](#)

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

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