FINREG Focus

U.S. Financial Services Regulatory Center Update

March 16, 2026

Executive Summary

This update's headline items:

This week's edition includes a special feature highlighting recent policy signals from the prudential regulators, drawing on speeches delivered this week by FDIC Chairman Travis Hill and Federal Reserve Board Vice Chair for Supervision Michelle Bowman.

1. The Federal Reserve Board (FRB) announces an open board meeting to discuss capital framework recalibration proposals.
2. A conversation with the FRB on Basel III and bank capital.
3. FDIC updates on reforms to the regulatory toolkit.
4. SEC and Commodity Futures Trading Commission (CFTC) issues Memorandum of Understanding (MOU) between agencies aimed at harmonizing U.S. markets oversight.
5. Securities Industry and Financial Markets Association (SIFMA) calls for an oversight framework that focuses on function, not technology for wallet providers.

Overview of Key Developments

1. The FRB and FDIC will hold open board meetings on March 19 to consider proposals that would revise regulatory capital requirements for all institutions across the banking system, other than those that apply the Community Bank Leverage Ratio (CBLR). According to the *Sunshine Act* notices, the agencies will discuss a revised proposal to implement the Basel III Endgame that will be mandatory for Category I and II financial institutions and optional for all other institutions. In addition, the agencies will consider revisions to the risk-based capital rules applicable to other banking organizations subject to the risk-based capital framework. FRB will also consider a proposal to modify the calculation of the capital surcharge applicable to U.S. global systemically important banks (GSIB).

2. In remarks delivered at the Cato Institute, FRB Vice Chair for Supervision Michelle Bowman stated that the agency is preparing to release a package of proposals to implement the final phase of Basel III in the U.S. and to recalibrate key elements of the post-crisis capital framework. Bowman explained that the initiative reflects an integrated approach to the four pillars of the capital framework: Basel III risk-based capital, stress testing, the supplementary leverage ratio, and the GSIB surcharge. Rather than setting an aggregate capital target, the FRB evaluated each component to assess whether capital requirements are properly measured, aligned with actual risk, and free from overlap or duplicative effects when applied together.

For large, internationally active banks, Bowman indicated the Basel III proposal intends to modernize risk-based capital requirements by eliminating duplicative capital calculations and strengthening calibration across credit, operational, and market risks. Mortgage and consumer lending treatment is expected to be refined to better reflect loan-to-value ratios, repayment history, and credit quality, without introducing new capital penalties for core household lending. Operational risk capital would be standardized but tailored to U.S. institutions, while market risk requirements would be updated to better

capture stress losses and illiquidity, including expanded use of internal models where data quality supports risk-sensitive outcomes. Bowman also highlighted the introduction of a new credit valuation adjustment charge for counterparty risk in significant derivatives portfolios.

Notably, the Basel III changes have been calibrated alongside stress testing reforms to reduce volatility, enhance transparency, and improve alignment between global market shock scenarios and risk models. Furthermore, the FRB aims to prevent double-counting trading and operational exposure risks and excessive cumulative capital requirements.

Bowman also outlined proposed revisions to the GSIB surcharge to address increases driven primarily by inflation and economic growth rather than rising systemic risk. Updates to the GSIB surcharge include revised coefficients, realignment of the U.S. framework with international standards, indexing the surcharge to economic growth, and reduced cliff effects when combined with the impacts of Basel III results in a decrease in capital for GSIBs.

Bowman emphasized that the Basel III proposal is expected to result in a small increase in capital requirements for the largest banks, broadly aligning with the U.K. standards, while proposed revisions to the GSIB surcharge would modestly reduce surcharges. In combination, the proposals are designed to slightly reduce overall capital requirements.

For regional and community banks, the agency plans to propose revisions to the standardized approach that moderately reduce capital requirements for traditional lending activities and remove disincentives for mortgage origination and servicing. In addition, enhancements to the CBLR are separately planned to further reduce complexity while preserving strong capital buffers.

3. At this week's American Bankers Association's Washington Summit, FDIC Chairman Travis Hill outlined an agenda to reform the agency's supervisory and regulatory toolkit, emphasizing a shift toward risk and outcomes-focused oversight while preserving safety and soundness. A cornerstone of this effort is supervisory reform. Hill highlighted recent interagency actions with the Office of the Comptroller of the Currency (OCC) to define "unsafe or unsound practices" and standardize the use of "matters requiring attention," providing clearer guidance around examiner discretion. The FDIC also directed examiners to refocus examinations on core financial risks, initiated a lookback of existing supervisory findings to ensure consistency, and advanced work on interagency reforms to the CAMELS ratings framework. According to Hill, the result of these initiatives is not leniency, but supervision that is targeted on issues that threaten bank resilience.

Hill also addressed consumer compliance supervision, an area he noted is highly process driven. Reforms implemented in 2025 reduced the exam frequency for small, lower risk banks, eliminated the use of disparate impact analysis in fair lending reviews, and narrowed supervisory criticisms to actual violations of banking laws and regulations. Looking ahead, the FDIC plans to review the consumer compliance supervision program for additional improvements, risk-focused compliance exams on material products and outcomes, revisit examination frequency, including limiting the use of off-cycle visitations, and reevaluate thresholds that trigger the most severe supervisory consequences.

Hill also previewed significant forthcoming changes to capital and liquidity regulation, including improvements to the risk sensitivity of capital rules, recalibration of leverage requirements, and potential adjustments to the liquidity coverage ratio and liquidity standards informed by lessons from the 2023 bank failures. These efforts are intended to support lending and economic growth while maintaining resilience to stress events.

Notably, Hill's remarks reflected significant attention to digital assets and stablecoins, particularly in the implementation of the *GENIUS Act*. Hill explained that the FDIC is developing a proposal to establish prudential requirements for FDIC-supervised payment stablecoin issuers. In addition, the FDIC intends to clarify the applicability of FDIC deposit insurance for payment stablecoins. A central issue of the *GENIUS Act* is whether payment stablecoins could qualify for FDIC pass-through insurance, a method of insuring depositors whose funds are placed and held at an FDIC-insured bank through a third party. Hill emphasized that the *GENIUS Act* expressly states that payment stablecoins are not subject to federal deposit insurance and prohibits representations that stablecoins are FDIC-insured or backed by the U.S. government. While the law is silent on pass-through insurance, Hill argued that treating stablecoin holders as insured depositors would be inconsistent with the letter and intent of the law.

As a result, the FDIC plans to propose that payment stablecoins subject to the *GENIUS Act* are not eligible for pass-through insurance and will seek public comment on this question.

Hill also distinguished payment stablecoins from tokenized deposits, which are not covered by the *GENIUS Act*. Hill stated that products meeting the statutory definition of a "deposit" should remain eligible for deposit insurance regardless of the technology used and indicated that the FDIC plans to seek comment on whether additional clarification is needed for tokenized deposit arrangements.

Hill emphasized a major reset of the U.S. anti-money laundering (AML) framework reflecting on the *AML Act* of 2020, which aimed to make supervision more effective, risk-focused, and less reliant on box-checking. He noted that the 2024 AML Program Rule proposal fell short of its intended goals by failing to prioritize risk, diverting resources from combating sophisticated fraud, money laundering, and other high-impact threats. Looking ahead, the regulators, led by the U.S. Department of the Treasury (Treasury), plan to realign AML requirements with risk and explicitly encourage the use of artificial intelligence (AI) and advanced analytics to improve outcomes and reduce false positives.

Hill also outlined steps to improve the agency's resolution readiness, including planned updates to resolution planning requirements. He noted that the limited ability for nonbank entities to quickly acquire a failed bank is a key gap in the current framework. To address this, the FDIC plans to rescind its 2009 policy restricting private equity participation in failed bank acquisitions. The agency is exploring an emergency framework to allow nonbanks to rapidly establish shelf charters, a mechanism that involves the granting of preliminary approval to investors for a national bank charter that remains inactive, or "on the shelf," until the investor group can acquire a troubled institution, and obtain deposit insurance to expand the pool of credible bidders.

4. The SEC and CFTC announced an MOU aimed at strengthening coordination and harmonizing oversight across U.S. financial markets. The agreement is intended to reduce duplicative regulation, close regulatory gaps, and provide more consistent treatment for market participants and securities and derivatives products. A key element of the MOU is a Joint Harmonization Initiative to coordinate policymaking, examinations, and enforcement functions across the agencies. Priority areas include clarifying product definitions through joint rulemakings; modernizing clearing, margin, and collateral frameworks; reducing friction for dually registered exchanges, trading venues, and intermediaries; streamlining reporting and establishing a regulatory approach for crypto assets and other emerging technologies. In addition, the agencies emphasized coordinating cross-market examinations, economic analyses, and risk monitoring to support joint enforcement.

5. SIFMA is urging regulators to take a functional, activity-based approach to regulating blockchain wallet providers, arguing that oversight should be guided by how the wallet operates rather than the technology it uses. SIFMA outlines four wallet categories: basic self-custody, self-custody wallets that provide additional services, basic custodial, and custodial wallets, defined by the party that controls the private keys and the provision of additional services. However, the group notes that similar user interfaces can mask materially different economic roles and risk profiles. While some wallets operate as pure self-custody tools that provide user-directed access to blockchains, others offer services that resemble traditional broker-dealer or custodial functions. The implication for banks and market participants is that wallet providers exercising certain activities, including asset control, discretion, or influence over securities transactions, may fall within existing broker-dealer or custody frameworks and should be regulated as such. SIFMA emphasizes that clarity should be introduced through formal rulemaking rather than ad hoc exemptions or no-action relief that may not appropriately scale as technology evolves to protect investors, prevent regulatory arbitrage, and support innovation in tokenized securities markets.

Recent Key Regulatory Developments

National Credit Union Administration

Date	Topic	Summary
3/10	NCUA Proposes Seventh Round of Deregulation	NCUA announced a new set of proposed rule changes that would clarify guidance and reduce burdens in credit union record retention and catastrophic act preparedness requirements.

Securities and Exchange Commission

Date	Topic	Summary
3/9	FINRA Adopts Temporary Reporting Relief for Certain Overnight Equity Trades	FINRA issued Regulatory Notice 26-07, announcing amendments to the equity trade reporting rules that create a limited, temporary exception to allow certain qualifying overnight transactions executed before 8 a.m. ET to be reported later. The requirements align with extended Trade Reporting Facility hours and are effective on March 30, 2026.
3/10	SEC Commissioner Highlights Treasury Clearing & Global Impacts of SEC Rulemaking	In remarks at the Institute of International Bankers' 2026 Annual Washington Conference, SEC Commissioner Mark Uyeda discussed implementation of the Treasury clearing rule and emphasized the need for SEC rulemaking, including on Treasury market structure and foreign private issuers, to account for impacts on global financial institutions and market liquidity.
3/10	SEC Grants Section 16 Reporting Exemption for Directors and Officers of Certain Foreign Private Issuers	SEC issued an order granting directors and officers of foreign private issuers incorporated in specified jurisdictions an exemption from Section 16(a) insider reporting requirements where comparable foreign disclosure regimes apply.
3/11	SEC Seeks Comment on Proposed Exemptive Relief From Treasury Trade Submission Requirement	SEC is requesting public comment on a proposal to grant exemptive relief under Section 36(a) of the *Exchange Act* from aspects of Rule 17ad-22's Treasury trade submission requirement for non-U.S. transactions involving foreign financial institutions that are direct participants in Treasury clearing agencies.
3/12	FINRA Board Approves Five Rule Proposals Under FINRA Forward Modernization Effort	FINRA approved five rule proposals aligned with the FINRA Forward initiative, aimed at modernizing regulation by shortening exam retake waiting periods, expanding electronic regulatory communications, streamlining allocation and reconciliation requirements, enhancing arbitration procedures, and reducing unnecessary operational burdens on member firms.

Commodity Futures Trading Commission

Date	Topic	Summary
3/11	SEC & CFTC Announce Historic Agreement to Harmonize Financial Market Oversight	SEC and CFTC announced an MOU establishing formal coordination on rulemaking, supervision, and enforcement, including a Joint Harmonization Initiative to reduce duplicative regulation, clarify product definitions, and create a fit-for-purpose regulatory framework for crypto assets and other emerging technologies.
3/12	CFTC Staff Issues Advisory on Prediction Markets and Event Contracts	CFTC issued a staff advisory reminding designated contract markets of their obligations under the *Commodity Exchange Act* when listing prediction market event contracts, emphasizing core principles on manipulation risk, surveillance, and product submission while encouraging responsible innovation.
3/12	CFTC Announces Public Inquiry on Regulating Prediction Markets	CFTC issued an Advance Notice of Proposed Rulemaking seeking public comment on how existing statutory core principles and regulations should apply to prediction markets and event contracts, including when such contracts may be deemed contrary to the public interest and whether future rulemaking is warranted.

Financial Stability Board

Date	Topic	Summary
3/12	FSB Launches New Implementation Phase to Improve Cross-Border Payments	FSB announced the start of a new implementation phase for Enhancing Cross-border Payments, calling on public authorities and the private sector to develop concrete action plans and deepen public-private collaboration to make cross-border payments faster, cheaper, more transparent, and more accessible.

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
OCC	Comments due on renewal of "Reg E – Prepaid Accounts" information collection	Mar 26, 2026
	Comments due on bank appeals process proposal	Apr 20, 2026
	Comments due on Proposal Implementing *GENIUS Act* for OCC supervised entities	May 1, 2026
FRB	Comments due on removal of reputation risk from the FRB's supervisory programs	Apr 27, 2026
FDIC	Comments due on FDIC proposed application procedures to issue payment stablecoins	May 18, 2026
NCUA	Comments due on removal of nondiscrimination requirements	Mar 16, 2026
	Comments due on service to & "underserved areas"	Mar 16, 2026
	Comments due on chartering field of membership guidance	Mar 16, 2026
	Comments due on Federal Corporate Credit Union Chartering	Mar 16, 2026
	Comments due on federal share insurance proposal	Mar 30, 2026
	Comments due on maximum borrowing authority proposal	Mar 30, 2026
	Comments due on termination of excess insurance coverage	Mar 30, 2026
	Comments due on public unit & nonmember shares proposal	Mar 30, 2026
	Comments due on proposed renewal, extension, & revision of existing information collection	Mar 30, 2026
	Comments due on permitted payment stablecoin issuer applications	Apr 13, 2026
	Comments due on organization & operation of federal credit unions	Apr 13, 2026
	Comments due on mergers of insured credit unions & voluntary termination or conversion of insured status	Apr 13, 2026
	Comments due on conversion of insured credit unions to mutual saving banks	Apr 13, 2026
	Comments due on definitions related to statutory lien	Apr 27, 2026

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
NCUA	Comments due on credit union service contracts	Apr 27, 2026
	Comments due on rescission of regulation that addresses refund of interest to members	Apr 27, 2026
	Comments due on streamlining regulations for the purchase, sale, & pledge of eligible obligations	Apr 27, 2026
	Comments due on federally insured credit union official & employee compensation	Apr 27, 2026
	Comments due on post-election training for new board members	Apr 27, 2026
	Comments due on record preservation, appendices-record retention, & catastrophic act preparedness	May 11, 2026
SEC	Comments due on proposed amendments to Form N-PORT reporting requirements	Apr 24, 2026
	Comments due on FINRA arbitration rules & processes	May 1, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Enhanced supplementary leverage ratio (eSLR), total loss-absorbing capacity (TLAC), & long-term debt requirements	Dec 1, 2026
OCC	OCC's updated national bank chartering final rule	Apr 1, 2026
	OCC community bank licensing amendments	Apr 3, 2026
	Elimination of the Fair Housing Home Loan Data System and the associated national bank-specific home loan data collection and recordkeeping requirements	Apr 3, 2026
FDIC	Establishment & relocation of branches & offices	Feb 27, 2026
	FDIC official signs & advertisement of membership	Apr 1, 2027
NCUA	Simplification of share insurance rules	Dec 1, 2026
CFPB	Residential property assessed clean energy financing (Regulation Z)	Mar 1, 2026
SEC	Directors and officers of foreign private issuers with *Exchange Act*-registered equity securities to comply with Section 16 beneficial ownership & transaction disclosure requirements	Mar 18, 2026
	Compliance with amended FINRA capital acquisition broker rules	Mar 25, 2026
	Temporary exception for reporting qualifying overnight transactions prior to 8:00 a.m. ET	Mar 30, 2026
	Form N-PORT (for funds with $1 billion or greater in net assets) & all N-CEN reporting requirements	Nov 17, 2027
	Form N-PORT reporting requirements for fund groups with less than $1 billion in net assets	May 18, 2028
CFTC	Business conduct & swap documentation requirements for swap dealers & major swap participants	Jan 29, 2026
FinCEN	Recordkeeping & reporting requirements on certain financial institutions in Minnesota	Feb 12, 2026
	AML/CFT program & suspicious activity report (SAR) filing requirements for registered investment advisers & exempt reporting advisers	Jan 1, 2028

Agencies Without Recent Key Developments

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

- Legislative
- Financial Stability Oversight Committee
- Federal Financial Institutions Examination Council
- Federal Reserve Board
- Office of the Comptroller of the Currency
- Federal Deposit Insurance Corporation
- Consumer Financial Protection Bureau
- Financial Crimes Enforcement Network
- Financial Accounting Standards Board
- Basel Committee on Banking Supervision
- International Organization of Securities Commission

U.S. Financial Services Regulatory Center Recent FORsights™

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

Quarterly Insights: Financial Services Q4 2025

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

U.S. Agencies Propose Updates to Community Bank Leverage Ratio (CBLR)

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

Preliminary Insights on the OCC's Proposed Stablecoin Framework

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

The OCC Increased the Application Threshold for Heightened Standards

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

Forvis Mazars' View: The Revitalization of Bank Mortgage Lending

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

SEC Daily Reserve Rules: Key FAQs & Compliance Deadlines for Broker-Dealers

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

FRB's New Supervisory Operating Principles: Impact on Internal Audit

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

FDIC Updates Resolution Planning Expectations for Large IDIs

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

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