August 3, 2026

Executive Summary

1. FDIC and Office of the Comptroller of the Currency (OCC) propose targeted overhaul of *Community Reinvestment Act* (CRA) regulations.
2. Federal Reserve proposes first major overhaul of insider lending rules in nearly 50 years.
3. Federal Reserve proposes modernization of mutual banking organization framework.
4. OCC, FDIC, and Board of Governors of the Federal Reserve System issue updated compliance guide for revised community bank leverage ratio (CBLR) framework.

Overview of Key Developments

1. *Community Reinvestment Act* Proposal

What Happened?

FDIC and OCC issued a joint proposed rule to amend their CRA regulations, offering a new approach after the 2023 CRA rule was challenged in federal court and never took effect. Rather than pursuing a full rescission of the 2023 rule, the agencies are proposing targeted revisions to the long-standing CRA framework that has largely governed examinations since 1995. The proposal is intended to better align CRA supervision with the statute, reduce regulatory burden, improve transparency, and provide greater clarity regarding how banks receive CRA consideration.

Several proposed changes stand out:

- The agencies would place greater emphasis on lending activities and narrow the scope of retail banking services considered in CRA evaluations to focus on credit-related services rather than deposit products.
- The proposal would also tighten requirements for community development (CD) grants by requiring that funds directly benefit local communities and, for large banks, limiting indirect administrative costs to 15% of grant proceeds.
- The agencies would substantially revise CRA asset thresholds, creating three categories: small banks with less than $1 billion in assets, intermediate banks with $1 billion to $10 billion in assets, and large banks with more than $10 billion in assets. Banks below $10 billion would generally face fewer data collection and reporting requirements.

Why Does It Matter?

The proposal provides an important indication of how the FDIC and OCC intend to approach CRA supervision going forward. Rather than expanding CRA evaluations beyond a bank's traditional footprint, the agencies are reaffirming the statute's focus on local communities and lending activity tied to a bank's physical presence. Consistent with that approach, the proposal would leave the current assessment area framework largely unchanged and continue to center CRA evaluations around the communities served by a bank's branches and deposit-taking facilities.

The proposal could also significantly reduce compliance obligations for many community and regional banks. Raising the threshold for large-bank treatment from roughly $1.65 billion to $10 billion would move many institutions into less burdensome regulatory categories. The changes would make compliance easier for many community banks by reducing reporting, record-keeping, and examination complexity for all banks. Large banks would face new requirements for community development grants, including a limit that no more than 15% of grant funds can be used for indirect administrative expenses.

The Bottom Line:

The proposal is one of the most significant CRA developments since the 2023 rule was enjoined. If finalized, it would maintain an emphasis on lending activities and local community impact while providing meaningful regulatory relief for many banks, particularly institutions with less than $10 billion in assets.

2. Insider Lending Overhaul

What Happened?

The Federal Reserve proposed a comprehensive modernization of Regulation O, the rule governing loans and other extensions of credit to bank insiders, including executives, directors, principal shareholders, and their related interests. The proposal represents the first comprehensive revision to the regulation since 1979 and is intended to update the framework for changes in bank ownership structures, financial markets, and insider lending practices that have emerged over the past several decades.

A centerpiece of the proposal is the modernization of several dollar-based thresholds that have not kept pace with inflation and economic growth. The Federal Reserve would increase the threshold requiring prior board approval for certain insider loans from $500,000 to $2 million and raise the public disclosure threshold for insider loans from $500,000 to $2 million. Additional thresholds related to credit card debt, overdrafts, and lending to executive officers would also increase, with all thresholds indexed to nominal gross domestic product (GDP) and adjusted every five years going forward.

The proposal also addresses a long-standing issue involving passive investment funds. Under current rules, banks can face significant compliance burdens when lending to portfolio companies owned by fund complexes that also hold significant stakes in the bank. The Federal Reserve proposes exempting certain portfolio companies of qualifying passive fund complexes from Regulation O's presumption of control framework, while retaining safeguards designed to prevent shareholders from improperly influencing lending decisions. The proposal would additionally incorporate *Dodd-Frank Act* provisions related to insider transactions, codify long-standing supervisory interpretations, and reorganize the rule to improve usability and transparency.

Why Does It Matter?

Regulation O is one of the banking industry's primary safeguards against insider self-dealing. The rule limits the amount of credit banks can extend to insiders, requires certain transactions to receive board approval, and generally requires insider loans to be made on terms comparable to those available to unaffiliated borrowers. This proposal seeks to preserve core protections against insider self-dealing while addressing compliance challenges that have emerged as bank ownership structures have evolved. Federal Reserve staff estimated that, as of Q4 2025, fund groups were principal shareholders of 66 banks and could be presumed to control more than 2,000 portfolio companies, potentially subjecting a large number of lending relationships to Regulation O requirements.

The proposal would provide targeted relief where the Federal Reserve believes the risk of insider influence is limited, particularly in the case of passive investment funds. The FDIC has also advanced a related proposal to update insider lending requirements for the institutions it supervises, signaling broader regulatory support for modernizing the framework while maintaining key safeguards.

The proposal could also significantly reduce compliance burdens associated with monitoring lending relationships involving passive fund ownership structures while updating thresholds that have become increasingly restrictive over time. At the same time, the Federal Reserve maintains the core purpose of the regulation by preserving restrictions designed to prevent conflicts of interest and insider influence over lending decisions.

The Bottom Line:

The proposal represents the most significant update to insider lending rules in decades, combining regulatory modernization with targeted burden reduction. If finalized, the changes would update outdated thresholds, address passive fund ownership issues, and align Regulation O more closely with modern bank ownership structures and statutory changes enacted since the rule was last comprehensively revised.

3. FRB Proposal for Mutual Banking Organization Framework

What Happened?

The Federal Reserve requested comment on a proposal to comprehensively modernize the regulatory framework governing mutual holding companies (MHCs), marking the first major update to Regulation MM since the board assumed supervisory responsibility for these institutions in 2011. The proposal is intended to expand capital-raising flexibility and reduce regulatory burden for mutual banking organizations while updating rules that have remained largely unchanged for more than a decade.

A key component of the proposal would clarify that mutual capital instruments, including mutual capital certificates and special deposits, may qualify as regulatory capital if they satisfy applicable requirements. The proposal would also codify model term sheets for mutual capital certificates and incorporate existing Federal Reserve guidance into regulation, providing greater certainty for institutions seeking to raise capital while maintaining their mutual ownership structure.

The proposal includes a broad range of operational and governance changes. Among other things, it would streamline requirements for dividend waivers, reduce the burden associated with mutual-to-stock conversions, eliminate the requirement that subsidiary holding companies obtain federal charters, modernize outdated communication and filing requirements, and provide greater flexibility regarding charters, bylaws, and organizational structures.

Why Does It Matter?

Mutual banking organizations play a unique role in the banking system because they are owned by depositors and borrowers rather than shareholders. However, that ownership structure can also limit their ability to raise capital and expand operations. The Federal Reserve noted that mutual institutions often rely heavily on retained earnings and have fewer capital-raising options than stock-owned banking organizations. The proposal seeks to address those constraints while preserving the mutual ownership model.

The proposal could also provide meaningful regulatory relief for mutual banking organizations, many of which are community-focused institutions. The Federal Reserve specifically cited concerns that Regulation MM is overly complex, requires costly legal and compliance support, and may contribute to consolidation pressures across the mutual banking sector. By simplifying conversion processes, reducing reporting burdens, clarifying supervisory expectations, and expanding capital flexibility, the proposal could make it easier for mutual institutions to remain independent and continue serving local communities.

The proposal points toward a broader effort to preserve diversity in the banking system. The Federal Reserve stated that mutual banking organizations provide a distinct community-focused banking model and that improving access to capital may help these institutions better support their customers and local markets.

The Bottom Line:

The proposal represents the most significant update to the mutual banking regulatory framework in more than a decade. If finalized, it would expand capital-raising flexibility, reduce compliance burden, and modernize a regulatory framework that has remained largely unchanged since 2011, helping mutual institutions remain competitive while preserving their member-owned structure.

4. Community Banking Leverage Ratio Guide Updates

What Happened?

The federal banking agencies issued an updated compliance guide for the revised CBLR framework, providing implementation guidance for changes that became effective on July 1, 2026. The guide does not establish new requirements but explains how community banks can qualify for and operate under the revised framework following the agencies' April 2026 final rule.

The guide reflects the agencies' previous reduction in the qualifying leverage ratio from greater than 9% to greater than 8% and reiterates that eligible institutions must have less than $10 billion in assets and satisfy the framework's off-balance-sheet exposure and trading activity requirements. In addition, the guide provides a more detailed explanation of the changes to the "grace period" (when a bank on the CBLR temporarily fails to meet one or more of the qualifying criteria, including the leverage ratio requirement) and provides practical examples of how the grace period applies.

Why Does It Matter?

The lower leverage ratio threshold expands access to the simplified capital framework, allowing more community banks to avoid calculating and reporting risk-based capital ratios. Banks that elect the framework and maintain a leverage ratio above 8% are generally deemed to satisfy applicable capital requirements and are treated as well capitalized for prompt corrective action purposes.

The revised framework also provides a grace period, providing additional flexibility when banks temporarily fall out of compliance. Institutions that maintain a leverage ratio above 7% have up to four quarters to regain compliance before transitioning back to the risk-based capital framework. However, banks with a leverage ratio of 7% or less must immediately comply with risk-based capital requirements. The agencies also limited the use of the grace period to eight quarters within a rolling 20-quarter period.

The Bottom Line:

This release is an implementation update rather than a new rule, but it reinforces a meaningful change already in effect: the qualifying leverage ratio has been reduced from greater than 9% to greater than 8%, expanding access to the simplified capital framework for community banks. The updated guidance also clarifies the revised four-quarter grace period and other eligibility requirements that banks should consider when evaluating capital planning and reporting strategies.

Recent Key Regulatory Developments

U.S. Department of the Treasury

Date	Topic	Summary
7/29	Treasury Launches New CFIUS Website to Improve Transparency and Transaction Reviews	The U.S. Department of the Treasury (Treasury) launched a redesigned Committee on Foreign Investment in the United States (CFIUS) website featuring a pre-filing consultation portal, enhanced process guidance, and new risk assessment resources intended to help companies and investors navigate national security reviews more efficiently while supporting foreign investment in the United States.

Joint Banking Agencies

Date	Topic	Summary
7/30	Federal Banking Agencies Update CBLR Compliance Guide Following Recent Framework Changes	The federal banking agencies updated CBLR implementation guidance to reflect previously adopted framework changes that became effective July 1, 2026, including a reduction in the qualifying leverage ratio from greater than 9% to greater than 8% and expanded grace period provisions.
7/31	Federal Banking Agencies Propose Targeted Overhaul of CRA Regulations	The FDIC and OCC proposed targeted changes to their CRA regulations that would place greater emphasis on lending, tighten standards for community development grants, maintain the existing assessment area framework, and significantly reduce compliance burdens for many banks by raising asset thresholds and streamlining reporting requirements.

Federal Reserve Board

Date	Topic	Summary
7/29	Federal Reserve Holds Interest Rates Steady, Citing Elevated Inflation and Economic Uncertainty	The Federal Open Market Committee voted 9-3 to maintain the federal funds rate target range at 3.50% to 3.75%, stating that economic activity remains solid and labor markets are stable, while inflation remains above the Federal Reserve's 2% goal and uncertainty persists, partly due to conflict in the Middle East.
7/31	Federal Reserve Proposes First Major Overhaul of Insider Lending Rules In Nearly 50 Years	The FRB proposed a comprehensive modernization of Regulation O that would update outdated insider lending thresholds, provide targeted relief for passive fund ownership structures, incorporate statutory changes, and streamline compliance requirements while preserving safeguards against insider self-dealing and conflicts of interest.
7/31	Federal Reserve Proposes Modernizing Regulatory Framework for Mutual Banking Organizations	The FRB proposed updating regulations governing mutual holding companies, including changes intended to modernize the framework, reduce regulatory burden, and expand capital-raising options while seeking feedback on issues such as governance, dividend waivers, mutual capital certificates, and mutual-to-stock conversions.

Recent Key Regulatory Developments

Office of the Comptroller of the Currency

Date	Topic	Summary
7/27	OCC Highlights Financial Literacy Initiatives and Digital Finance Education Efforts	Comptroller Jonathan Gould highlighted the OCC's efforts to expand financial literacy, support responsible innovation, and help consumers understand the opportunities and risks associated with increasingly digital financial services, including through educational resources and partnerships with community banks.
7/27	OCC Seeks Comment on Proposed Stablecoin Licensing and Registration Information Collection Under the GENIUS Act	The OCC is requesting public comment on a proposed information collection that would support applications from entities seeking approval or registration to issue payment stablecoins under the GENIUS Act, including requirements related to business plans, risk management, governance, and financial resources.
7/30	OCC Releases CRA Performance Evaluations	The OCC released its results of national banks and federal savings associations evaluated for CRA compliance.

Federal Deposit Insurance Corporation

Date	Topic	Summary
7/31	FDIC Proposes Raising and Indexing Insider Lending Thresholds for Supervised Institutions	The FDIC approved a proposal to increase and periodically adjust key lending thresholds for executive officers and other bank insiders, aligning its requirements with the Federal Reserve's Regulation O modernization effort to reduce compliance burden, reflect inflation and economic growth, and promote consistent treatment across insured depository institutions.

Securities & Exchange Commission

Date	Topic	Summary
7/27	SEC Report to Congress Highlights Recommendations to Improve Small Business Capital Raising	The SEC released a report to Congress summarizing recommendations from its 45th Annual Government-Business Forum on Small Business Capital Formation, including proposals to improve the capital-raising framework for entrepreneurs, small businesses, smaller public companies, and investment funds.

Recent Key Regulatory Developments

Commodity Futures Trading Commission

Date	Topic	Summary
7/28	The NFA Urges Member Firms to Prepare for New Fingerprint Submission Process Ahead of October 2026 Deadline	The National Futures Association (NFA) reminded member firms to activate Business Information Group (BIG) accounts before October 1, 2026, when individuals required to submit fingerprints to NFA must begin using Fieldprint as NFA's designated fingerprint service provider, and announced an August 18 webinar on the transition.
7/30	CFTC Proposes Rules to Address Affiliations Among Regulated Derivatives Market Participants	The CFTC proposed new and amended regulations governing affiliations among derivatives clearing organizations, exchanges, swap execution facilities, futures commission merchants, and other market participants, seeking to address potential conflicts of interest as vertically integrated market structures become more common in U.S. derivatives markets.

Financial Accounting Standards Board

Date	Topic	Summary
7/29	FASB Adds Goodwill Impairment Project to Technical Agenda	The FASB added a project to evaluate targeted changes to goodwill impairment accounting, including potential revisions to impairment testing requirements and frequency.

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
FFIEC	Comments due on revisions to the Uniform Financial Institutions Rating System (UFIRS)	Aug 17, 2026
FRB	Comments due on AML/CFT Programs	Sep 8, 2026
FDIC	Comments due on BSA and sanction compliance standards for FDIC-supervised PPSIs	Aug 4, 2026
	Comments due on Assessments Thresholds, Rate Schedules, and Adjustments	Aug 31, 2026
	Comments due on resolution submission required for covered depository institutions proposal	Aug 31, 2026
	Comments due on reporting forms and instructions for FDIC-supervised PPSIs	Sep 18, 2026
CFPB	Comments due on RFI regarding promoting access to mortgage credit	Aug 10, 2026
SEC	Comments due on rescission of climate-related disclosure rules	Aug 3, 2026
	Comments due on the trade-through rule and locked and crossed markets provisions of Regulation NMS	Aug 17, 2026
	Comments due on electronic delivery of information under the federal securities laws	Sep 21, 2026
CFTC	Comments due on 24/7 futures trading and energy perpetual contracts	Aug 26, 2026
SEC/CFTC	Comments due on swap and security-based swap data reporting	Aug 24, 2026
	Comments due on definition of “swap” and “security-based swap” and on alternative compliance	Aug 24, 2026
	Comments due on request for comment on implementation of margining and cross-margining of securities and derivatives	Aug 31, 2026
FinCEN	Comments due on PPSI customer identification program proposal	Aug 21, 2026

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	*Financial Data Transparency Act* joint data standards	Oct 1, 2026
FDIC	FDIC official signs and advertisement of membership	Apr 1, 2027
NCUA	Records preservation program and appendices-record retention guidelines; Catastrophic act preparedness guidelines	Jul 16, 2026
	Prohibition on the use of reputational risk	Jul 27, 2026
	Simplification of share insurance rules	Dec 1, 2026
CFPB	Amendments to Regulation B (ECOA) - Disparate Impact	Jul 21, 2026
SEC	Modernization of delegations of authority to Commission staff	Jul 26, 2026
	Form N-PORT and N-CEN reporting requirements[1]	Nov 17, 2027
		May 18, 2028
CFTC	Order sunsetting certain large trader reporting requirements for physical commodity swaps	Jul 21, 2026
	Margin requirements for uncleared swaps for swap dealers and major swap participants	Aug 17, 2026
FinCEN	AML/CFT program and suspicious activity report filing requirements for registered investment advisers and exempt reporting advisers	Jan 1, 2028

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

Agencies Without Recent Key Developments

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

- Legislative
- Financial Stability Oversight Council
- Federal Financial Institutions Examination Council
- National Credit Union Administration
- Consumer Financial Protection Bureau
- Financial Crimes Enforcement Network
- Financial Stability 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 Q2 2026

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

Reframing AML for Digital Finance

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

SEC Implementation of Daily Rule 15c3-3 Reserve Computations

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

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

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

Implications of the Updated Interagency MRM Guidance

Understand evolving guidance in model risk management.

Preliminary Insights on the OCC's Proposed Stablecoin Framework

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

FFIEC Proposes Sweeping Overhaul of CAMELS Framework

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

SEC Allows Broker-Dealers to Use Equities as Collateral

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

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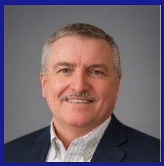

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