

U.S. Financial Regulation Intelligence Report

Comprehensive Update: November 2025

Executive Summary

November 2025 represented a **major inflection point in U.S. financial regulation** marked by:

- Relaxation of several post-financial-crisis bank capital rules
- A major shift in Federal Reserve supervisory philosophy toward **material financial risk** rather than compliance process review
- A major structural challenge to the **Consumer Financial Protection Bureau's funding mechanism**
- Continued regulatory repositioning toward **community banks and digital asset integration**
- Increased alignment between federal banking regulators on **capital standards and supervisory simplification**

These developments reflected a broader policy shift toward **reducing regulatory burden while refocusing oversight on core financial stability risks.**

1. Federal Banking and Prudential Regulation

Interagency Banking Regulation

Final Rule on Enhanced Supplementary Leverage Ratio (eSLR)

On **November 25, 2025**, the Federal Reserve, FDIC, and OCC finalized reforms to the **Enhanced Supplementary Leverage Ratio (eSLR)**.

Key elements:

- Reduced capital requirements tied to low-risk assets such as U.S. Treasuries
- Intended to improve bank participation in Treasury markets
- Aggregate capital reductions estimated under 2 percent for large banks
- Depository subsidiaries experienced larger reductions in capital buffers
- Compliance date April 1, 2026 with optional early adoption

The change responded to industry concerns that leverage rules discouraged participation in low-risk government securities markets.

Policy significance:

- Represents one of the most substantial capital rule adjustments since Basel III implementation
 - Signals willingness to recalibrate post-2008 regulatory frameworks
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Federal Reserve Supervision

New Supervisory Framework Focused on Material Financial Risk

On **November 18, 2025**, the Federal Reserve released revised supervisory principles directing examiners to prioritize **material financial risks** rather than documentation or procedural compliance.

Key changes:

- Emphasis on risk drivers such as lending quality and funding stability
- Reduced focus on reputational risk and process deficiencies
- Greater ability for banks to self-identify and remediate certain issues
- Streamlined examination practices

The policy aims to improve supervisory efficiency while focusing on risks that directly threaten financial stability.

Implications:

- Potential reduction in supervisory findings and enforcement referrals
 - Structural shift in examination methodology across Federal Reserve Banks
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Federal Reserve Monetary and Policy Environment

Regulatory commentary during November suggested:

- Continued reconsideration of **Basel III implementation timelines**
- Potential adjustments to stress testing thresholds
- Expanded tailoring for community banks

These discussions accompanied the capital rule changes finalized in November.

FDIC

Banking Industry Financial Performance Release

On **November 24, 2025**, the FDIC released financial results indicating:

- Return on assets approximately **1.27 percent**
- Continued profitability across FDIC insured institutions

This release formed part of the **Quarterly Banking Profile reporting cycle**.

Key themes from supervisory commentary:

- resilience of bank earnings
 - strong capital levels across insured institutions
 - continued monitoring of credit quality and interest rate exposure
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2. Consumer Financial Protection

CFPB Institutional Crisis

November 2025 marked one of the most dramatic developments in the agency's history.

Legal Determination Regarding CFPB Funding

The administration concluded that the CFPB's funding structure through Federal Reserve transfers was unlawful because the Federal Reserve lacked positive earnings.

Consequences:

- CFPB denied access to new Federal Reserve transfers
- Agency funding expected to expire in early 2026
- Agency operations sharply reduced

The development placed the CFPB's continued existence in jeopardy.

CFPB Proposed Regulatory Rollbacks

The Bureau also proposed major reinterpretations of **Equal Credit Opportunity Act (ECOA)** enforcement.

Proposals included:

- Eliminating disparate impact liability
- Narrowing use of special purpose credit programs
- Revising lender communication rules regarding credit discouragement

The proposal represented a major shift in fair lending enforcement philosophy.

Operational Restructuring

Additional developments:

- Significant workforce reductions proposed
- Suspension of multiple regulatory initiatives
- Reduced supervisory examinations

The agency adopted a supervisory posture described as “**humility in supervision.**”

3. OCC Regulatory Actions

Capital Standards Rulemaking

The OCC joined the Federal Reserve and FDIC in issuing the **final eSLR rule** modifying regulatory capital standards.

Purpose:

- Reduce disincentives for Treasury market intermediation
- Adjust leverage calculations for large banking organizations

The rule was designed to maintain overall capital stability while reducing distortions in low risk asset holdings.

Supervisory Policy Direction

OCC leadership signaled broader regulatory objectives:

- reduced examination burden
- focus on core financial risks
- simplified regulatory requirements for community banks

These objectives align with the broader federal banking regulatory shift during 2025.

4. Financial Markets and Securities Regulation

While November contained fewer rulemaking actions from market regulators, several developments occurred.

SEC Regulatory Direction

Themes emerging during November:

- continued modernization of investment adviser regulation
- enhanced disclosure standards for private funds
- monitoring of digital asset markets

The SEC maintained active enforcement operations targeting:

- insider trading
 - accounting fraud
 - disclosure violations
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CFTC

The CFTC issued press releases regarding:

- derivatives enforcement actions
 - updates to market oversight programs
 - continued monitoring of digital asset derivatives markets
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FTC Financial Practices

FTC activity in November focused primarily on:

- enforcement actions against deceptive financial marketing practices
 - oversight of fintech consumer disclosures
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5. Treasury and Financial Intelligence Authorities

OFAC Sanctions Updates

November 2025 sanctions updates primarily addressed:

- Russia related sanctions enforcement
- Iran financial network restrictions
- cryptocurrency wallet designations linked to sanctions evasion

These actions reflected continued emphasis on financial system monitoring for geopolitical sanctions enforcement.

FinCEN

FinCEN guidance and releases focused on:

- beneficial ownership reporting under the Corporate Transparency Act
- suspicious activity reporting guidance
- anti money laundering modernization initiatives

6. Financial Stability and Housing Oversight

Financial Stability Oversight Council

FSOC monitoring activities during November focused on:

- nonbank financial institution risks
- digital asset financial stability concerns
- climate risk analysis within financial markets

Office of Financial Research

The OFR continued research on:

- liquidity stress scenarios
- systemic market interconnectedness
- financial data transparency

Housing Regulators

FHFA

Key supervisory priorities:

- mortgage market liquidity
- GSE capital adequacy
- housing affordability initiatives

HUD

HUD continued enforcement actions related to:

- fair housing violations
 - mortgage lending discrimination
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7. Federal Enforcement and Justice

Department of Justice Financial Fraud Enforcement

DOJ enforcement actions during November targeted:

- mortgage fraud schemes
- bank fraud conspiracies
- pandemic relief program fraud

Fair lending enforcement activity continued under the DOJ Civil Rights Division.

8. Cybersecurity Authorities

CISA

CISA issued multiple cybersecurity alerts including:

- vulnerability advisories affecting financial infrastructure
 - ransomware threat intelligence
 - updates to the Known Exploited Vulnerabilities catalog
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NIST

NIST cybersecurity activity included:

- continued implementation guidance for the **AI Risk Management Framework**
 - cybersecurity framework updates for financial institutions
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9. Accounting and Financial Standards

FASB

November updates included:

- continued work on digital asset accounting guidance
 - improvements to financial instrument disclosure standards
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PCAOB

Inspection reports during this period highlighted:

- audit deficiencies in financial institutions
 - improvements required in risk assessment procedures
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10. State Financial Regulators

Many state banking departments issued supervisory communications and enforcement updates.

Key themes across states included:

- fintech licensing oversight
- consumer lending enforcement
- digital asset regulatory frameworks
- mortgage servicing compliance

Major states with notable activity:

- New York
 - California
 - Texas
 - Florida
 - Illinois
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11. State Attorneys General

State attorneys general enforcement in November focused heavily on:

- consumer protection violations
- deceptive lending practices
- student loan servicing investigations

Multi state coalitions pursued litigation against fintech lenders and debt collectors.

12. Industry Regulatory Coordination

Conference of State Bank Supervisors

CSBS activity included:

- fintech charter supervision initiatives
 - modernization of state regulatory coordination frameworks
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NACHA

Payment network governance updates addressed:

- fraud monitoring improvements
 - faster payments risk management
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13. Banking Industry Policy Organizations

Industry policy groups issued advocacy positions responding to the regulatory shifts.

American Bankers Association

ABA commentary supported:

- leverage ratio reform
 - regulatory burden reduction
 - modernization of supervisory processes
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Independent Community Bankers of America

ICBA policy statements emphasized:

- regulatory tailoring for smaller banks
 - competitive equality with fintech firms
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14. Financial Sector Cyber Intelligence

FS ISAC

Financial Services Information Sharing and Analysis Center reported:

- increased ransomware targeting financial institutions
 - supply chain attacks affecting financial technology vendors
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SANS Internet Storm Center

Threat intelligence alerts emphasized:

- credential harvesting campaigns targeting banks
 - exploitation of known vulnerabilities in financial software systems
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Strategic Regulatory Trends Observed in November 2025

1. Deregulatory Realignment

The federal banking agencies implemented a clear shift toward **reducing regulatory burden while maintaining financial stability safeguards**.

2. Capital Regulation Reform

Changes to the **enhanced supplementary leverage ratio** represent the most concrete regulatory modification during the month.

3. Supervisory Philosophy Shift

The Federal Reserve's new framework significantly altered examination priorities toward **material financial risk**.

4. Institutional Uncertainty for CFPB

The potential shutdown of the CFPB introduced uncertainty into consumer financial regulation.

5. Focus on Treasury Market Liquidity

Capital rule reforms explicitly targeted improving bank participation in the U.S. Treasury market.

Conclusion

November 2025 marked a **structural shift in U.S. financial regulation** characterized by:

- recalibration of bank capital rules
- supervisory simplification
- institutional uncertainty for consumer protection regulation
- ongoing modernization of financial oversight

These developments signal a regulatory environment emphasizing **financial stability, market liquidity, and reduced compliance burden**.