

# U.S. Financial Regulatory Developments

## December 2025 Report

### 1. Federal Banking and Prudential Regulation

#### Federal Deposit Insurance Corporation (FDIC)

##### Key Rulemaking and Policy Actions

1. **Interim Final Rule on Special Assessment Collection (Dec 16)**

The FDIC issued an interim final rule modifying the methodology used to collect the special assessment imposed after the 2023 bank failures. The adjustment ensures banks pay the correct amount necessary to replenish the Deposit Insurance Fund associated with systemic risk losses.
2. **Branch Establishment and Relocation Final Rule (Dec 16)**

The FDIC approved a final rule revising regulations governing bank branch establishment and relocation procedures.
3. **Payment Stablecoin Application Framework Proposal (Dec 16)**

The FDIC approved a proposal establishing procedures for FDIC supervised institutions seeking to issue **payment stablecoins** under the GENIUS Act framework.
4. **FDIC 2026 Operating Budget Approved (Dec 16)**

The board approved the agency's FY2026 budget.
5. **Deposit Insurance Approval**

Deposit insurance was approved for **Erebor Bank, N.A. (Columbus, Ohio)**.
6. **CRA Examination Updates**
  - CRA exam list for evaluated institutions released.
  - Enforcement actions published for November 2025.

##### Regulatory Trend

December actions reflected continued **regulatory recalibration after the 2023 bank failures**, including deposit insurance fund recovery and modernization of rules affecting new banking activities.

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## Office of the Comptroller of the Currency (OCC)

### Major Supervisory and Policy Updates

1. **Withdrawal of Leveraged Lending Guidance (Dec 5)**

The OCC and FDIC rescinded the 2013 interagency leveraged lending guidance and related FAQs.

Regulators indicated banks should manage leveraged lending through general safety and soundness standards rather than prescriptive leverage thresholds.

2. **Fall 2025 Semiannual Risk Perspective (released Dec 16)**

The report identified key risks in the federal banking system including:

- Commercial real estate stress
- Interest rate volatility
- cybersecurity risk
- operational resilience challenges.

3. **Mortgage Performance Report (Q3 2025)**

OCC published performance metrics for first lien mortgages.

### Regulatory Trend

Actions indicated a **shift toward principles based supervision and deregulation**, particularly around leveraged lending and regulatory burden reduction.

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## Federal Reserve Board

### Major Supervisory and Policy Actions

1. **Policy Revision on Permissible Activities for State Member Banks (Dec 17)**

The Federal Reserve rescinded a restrictive 2023 policy statement limiting activities of state member banks.

The revised policy enables broader participation in **digital asset related activities**, subject to safety and soundness standards.

2. **Request for Information on Federal Reserve Check Services (Dec 4)**

The Fed requested comment on the future of Reserve Bank check processing services due to declining check usage.

3. **Regulatory Burden Review Initiative**

The Federal Reserve continued regulatory burden review under the Economic Growth and Regulatory Paperwork Reduction Act.

## Regulatory Trend

Key themes:

- modernization of payments infrastructure
  - regulatory flexibility for digital asset activities
  - reduction of outdated regulatory burdens.
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## 2. Consumer Financial Protection

### Consumer Financial Protection Bureau (CFPB)

#### Operational and Policy Developments

1. **Funding and Operational Crisis**

Congressional action reduced the CFPB funding cap significantly, creating operational constraints and uncertainty about the agency's ability to operate beyond 2025.

2. **Operational Adjustments**

- supervisory activity resumed with modified internal review requirements
- agency staffing and operational capacity remained uncertain.

## Regulatory Trend

December developments centered on **institutional funding uncertainty and operational restructuring** rather than new rulemaking.

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### **3. Treasury, AML, and Financial Intelligence**

#### **Financial Crimes Enforcement Network (FinCEN)**

##### **Financial Trend Analysis on Ransomware (Dec 2025)**

FinCEN issued a Financial Trend Analysis report reviewing ransomware activity reported in suspicious activity reports from 2022 through 2024.

The report identified:

- increasing use of cryptocurrency laundering mechanisms
- evolving ransomware payment patterns
- connections between cybercrime groups and organized financial networks.

#### **Policy Discussion**

Treasury also explored proposals to expand its oversight authority over AML enforcement, potentially allowing FinCEN to play a larger role in determining BSA violations.

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#### **Office of Foreign Assets Control (OFAC)**

##### **Sanctions Enforcement**

- 1. Russia Sanctions Enforcement Action (Dec 2)**

OFAC imposed an approximately **11 million dollar settlement against IPI Partners**, a private equity firm, for violations of Russia related sanctions.

#### **Compliance Trend**

The enforcement highlighted the continued focus on:

- Russia sanctions compliance

- private equity exposure to sanctioned counterparties
  - sanctions due diligence obligations.
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## 4. Financial Stability and Oversight

### Financial Stability Oversight Council (FSOC)

December developments included a shift in regulatory priorities emphasizing:

- financial resilience
- economic growth
- oversight of emerging technologies such as artificial intelligence.

The FSOC annual report emphasized reducing regulatory burdens and focusing on market resilience rather than expanded regulatory frameworks.

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## 5. Financial Markets and Securities Regulation

### Securities and Exchange Commission (SEC)

Key December actions included:

- hosting a policy roundtable on **Regulation NMS Rule 611**, addressing market structure and order protection rules.

#### Regulatory Focus

- market structure reform
- equity trading transparency
- modernization of market infrastructure.

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## 6. Cybersecurity and Technology Risk

### Cybersecurity and Infrastructure Security Agency (CISA)

#### 1. Known Exploited Vulnerabilities (Dec 2)

CISA added multiple vulnerabilities, including **CVE 2025 48572** and **CVE 2025 48633**, to its Known Exploited Vulnerabilities catalog.

#### Risk Implications for Financial Institutions

Financial institutions were encouraged to:

- patch affected systems
- update vulnerability management processes
- monitor exploit activity tied to these vulnerabilities.

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## 7. Structural Trends Across the Regulatory Landscape

### Deregulatory Policy Direction

Across several agencies, December actions reflected a broader policy shift emphasizing:

- reduced regulatory burdens
- greater reliance on principles based supervision
- increased flexibility for financial innovation.

Examples include:

- rescission of leveraged lending guidance
- expanded digital asset activity permissions

- regulatory burden review initiatives.
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## Innovation and Digital Finance

Regulators continued developing frameworks for emerging technologies:

- stablecoin issuance processes (FDIC proposal)
  - expanded digital asset permissions for banks
  - payments infrastructure modernization discussions.
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## Financial Crime and Cybersecurity Focus

Authorities continued prioritizing:

- ransomware and crypto related financial crime
  - sanctions compliance enforcement
  - cyber vulnerability remediation.
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# Key December 2025 Developments Summary

Major regulatory themes during the month included:

1. **Withdrawal of leveraged lending guidance** by bank regulators.
2. **Expanded digital asset regulatory flexibility** for banks.
3. **FDIC rulemaking addressing deposit insurance fund losses.**

4. **FinCEN ransomware financial intelligence analysis.**
5. **OFAC sanctions enforcement action against private equity.**
6. **Cybersecurity vulnerability alerts affecting financial institutions.**
7. **Growing policy emphasis on regulatory burden reduction.**