

U.S. Financial Regulation and Compliance Developments

Comprehensive Regulatory Update Report

Period Covered: March 2025

1. Federal Banking and Prudential Regulation

Federal Deposit Insurance Corporation (FDIC)

Key Policy and Regulatory Actions

Withdrawal of Proposed Rules and Policy Revisions

- On **March 3, 2025**, the FDIC Board **withdrew four outstanding proposed rules** from its regulatory agenda.
- The withdrawn proposals included rules affecting:
 - **Brokered deposits regulation**
 - **Change in Bank Control Act procedures**
 - **Corporate governance and risk management requirements**
 - **Resolution planning and merger policy elements**

This action reflected a strategic recalibration of FDIC rulemaking priorities and removed several proposals that had generated industry opposition.

Rescission of the 2024 Bank Merger Policy Statement

- The FDIC rescinded its **2024 Bank Merger Policy Statement**, which had introduced enhanced scrutiny for bank consolidation.
- The action restored reliance on the **prior merger review framework** used jointly with the Federal Reserve and OCC.

Sign and Advertising Rule Implementation Delay

- Compliance dates for certain **deposit insurance signage and advertising requirements** were delayed.

Crypto-Related Banking Guidance

- On **March 28, 2025**, the FDIC issued guidance clarifying that FDIC-supervised institutions **may engage in permissible crypto-related activities without obtaining prior approval** from the agency.
- The action rescinded **FIL-16-2022**, which had required advance notification for crypto activities.

Supervisory and Enforcement Developments

- Several **enforcement actions against insured institutions and institution-affiliated parties** were issued during March.
- Common violations included:
 - Unsafe or unsound lending practices
 - BSA/AML deficiencies
 - Weak internal controls
 - Insider lending violations

Risk Monitoring

- FDIC supervision emphasized emerging risks:

- Commercial real estate exposure
 - Liquidity risk management
 - Digital asset operational risks
 - Interest rate sensitivity across mid-size banks
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Office of the Comptroller of the Currency (OCC)

Supervisory and Policy Updates

Key areas highlighted in March:

Operational Resilience and Third Party Risk

- OCC supervisory communications emphasized:
 - fintech partnerships
 - banking as a service programs
 - vendor risk management

Digital Asset Activity

- The OCC coordinated with the FDIC and Federal Reserve regarding the evolving supervisory approach toward crypto related activities.

Interpretive and Administrative Actions

- Interpretive guidance reinforced:
 - banks' authority to engage in custody and settlement services for digital assets
 - expectations for capital treatment and risk management.

Community Reinvestment Act Oversight

- OCC oversight activities included monitoring implementation of the **modernized CRA framework**, focusing on:
 - digital service delivery
 - community development financing
 - underserved rural markets.
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Federal Reserve System

Supervision and Regulation

Regulatory Review Process

- On **March 6, 2025**, federal banking agencies held a **public outreach meeting** as part of the periodic review of banking regulations.

Stakeholders presented feedback on regulatory categories including:

- applications and reporting
- bank powers and activities
- international banking operations
- consumer protection
- governance and officer responsibilities
- anti money laundering requirements.

Supervisory Priorities

Federal Reserve supervision in March focused on:

1. **Liquidity risk management**

2. **Interest rate risk**
3. **Large bank capital planning**
4. **operational resilience**
5. **cybersecurity preparedness**

Board Orders and Enforcement

Federal Reserve enforcement actions addressed:

- BSA compliance failures
- unsafe lending practices
- governance weaknesses.

Monetary Policy Environment

During March 2025:

- The Federal Reserve maintained a **restrictive monetary stance** to address persistent inflation pressures.
- Federal Open Market Committee communications emphasized:
 - inflation moderation trajectory
 - labor market strength
 - credit tightening in commercial real estate sectors.

2. Consumer Financial Protection and Consumer Compliance

Consumer Financial Protection Bureau (CFPB)

Regulatory Rulemaking

Regulation V (Fair Credit Reporting Act) Rulemaking

- In March 2025, the CFPB **extended the comment period** for its proposed rule to amend **Regulation V**, implementing provisions of the Fair Credit Reporting Act.

The proposal addresses:

- definitions of consumer report
- scope of consumer reporting agencies
- permissible access to consumer reports.

The comment deadline moved from **March 3 to April 2, 2025**.

Supervisory Activity

CFPB supervision focused on:

- mortgage servicing practices
- credit reporting accuracy
- payday lending compliance
- digital payment platforms.

Enforcement Actions

March enforcement activity targeted:

- deceptive marketing practices
- unlawful debt collection
- discriminatory lending

- fintech compliance failures.
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3. Financial Markets and Securities Regulation

Securities and Exchange Commission (SEC)

Key March developments included:

Investment Adviser Regulation

- SEC continued oversight of:
 - private fund advisers
 - ESG disclosure practices
 - cybersecurity risk disclosures.

Regulatory Actions

SEC enforcement actions included:

- insider trading prosecutions
 - investment adviser fiduciary violations
 - digital asset securities offerings.
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Commodity Futures Trading Commission (CFTC)

March announcements focused on:

- derivatives market oversight
 - enforcement actions against digital asset trading platforms
 - market manipulation cases.
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Federal Trade Commission (FTC)

FTC financial practices enforcement emphasized:

- deceptive fintech marketing
 - consumer data misuse
 - payment processing fraud.
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4. Treasury Department and Financial Intelligence

Treasury Department

Treasury communications during March highlighted:

- financial sanctions enforcement
 - international cooperation on AML
 - economic security initiatives.
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Office of Foreign Assets Control (OFAC)

Sanctions Updates

During March 2025:

OFAC issued updates affecting:

- Russia related sanctions
- Iran financial restrictions
- cyber related sanctions designations.

SDN List Updates

New designations targeted:

- cybercrime organizations
- sanctions evasion networks
- state linked financial facilitators.

Financial Crimes Enforcement Network (FinCEN)

AML / CFT Policy

FinCEN issued guidance addressing:

- beneficial ownership reporting
 - suspicious activity reporting modernization
 - cryptocurrency money laundering risks.
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5. Financial Stability and Housing Oversight

Financial Stability Oversight Council (FSOC)

March discussions focused on:

- systemic risk monitoring
 - non bank financial institution oversight
 - emerging threats from private credit markets.
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Office of Financial Research (OFR)

Research publications examined:

- market liquidity stress
 - bank funding risks
 - contagion channels across financial markets.
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Federal Housing Finance Agency (FHFA)

FHFA communications addressed:

- mortgage market stability
 - oversight of Fannie Mae and Freddie Mac
 - affordable housing initiatives.
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6. Federal Enforcement and Justice

Department of Justice

Financial Fraud Enforcement

DOJ prosecutions during March targeted:

- pandemic relief fraud
- securities fraud
- cryptocurrency laundering schemes.

Fair Lending Enforcement

DOJ continued enforcement under the **Equal Credit Opportunity Act**.

Cases focused on:

- redlining
 - discriminatory mortgage practices.
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7. Cybersecurity and Technology Authorities

Cybersecurity and Infrastructure Security Agency (CISA)

March alerts addressed:

- ransomware campaigns targeting financial institutions
- vulnerabilities in payment systems

- supply chain cyber threats.

Known Exploited Vulnerabilities

CISA added several vulnerabilities affecting:

- network appliances
 - identity management systems
 - remote access platforms.
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National Institute of Standards and Technology (NIST)

Cybersecurity Framework Updates

NIST promoted adoption of:

- updated cybersecurity framework guidance
- AI risk management framework.

AI Risk Management

NIST continued implementation guidance for the **AI Risk Management Framework**, focusing on:

- model governance
 - transparency
 - testing and validation.
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8. Executive Branch Policy

White House AI Policy

Policy discussions in March included:

- federal AI governance strategy
 - AI safety standards
 - financial sector AI use cases.
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9. Federal Small Business and Economic Authorities

Small Business Administration

Regulatory updates addressed:

- SBA lending program rules
 - oversight of fintech participation in small business lending.
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10. Accounting and Financial Standards

Financial Accounting Standards Board (FASB)

March work included:

- accounting guidance updates for financial instruments
 - credit loss measurement under CECL.
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Public Company Accounting Oversight Board (PCAOB)

Inspection reports highlighted:

- audit quality deficiencies
 - internal control testing weaknesses.
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11. Industry Policy and Regulatory Coordination

Conference of State Bank Supervisors

March activities included:

- modernization of state licensing systems
 - fintech regulatory coordination.
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NACHA Payments Network

Policy discussions included:

- faster payments adoption
 - fraud prevention in ACH networks.
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Financial Services Information Sharing and Analysis Center (FS ISAC)

Threat intelligence reports identified:

- ransomware targeting banks
 - credential harvesting campaigns
 - supply chain vulnerabilities.
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12. Industry Research and Regulatory Media

Key themes across research publications:

Digital Transformation Risk

Financial institutions continued expanding:

- cloud computing
- digital banking platforms.

Payments Innovation

Research addressed:

- real time payments
- open banking infrastructure.

Regulatory Burden

Industry groups advocated for:

- simplification of regulatory requirements
 - coordinated supervision across agencies.
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13. State Regulatory Developments

State Banking Departments

Several state regulators issued updates related to:

- fintech licensing
- cryptocurrency custody rules
- consumer lending oversight.

States active during March included:

- New York
 - California
 - Texas
 - Florida
 - Illinois
 - Massachusetts.
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14. State Attorney General Enforcement

State AGs continued enforcement actions involving:

Consumer Financial Protection

- predatory lending
- debt collection abuses.

Data Privacy Violations

Investigations targeted:

- financial data breaches
- misuse of consumer financial information.

Mortgage and Servicing Misconduct

Settlements addressed:

- foreclosure practices
 - mortgage servicing compliance.
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15. Cross Sector Regulatory Themes (March 2025)

Across the regulatory ecosystem, five themes dominated:

1. Digital Asset Regulatory Normalization

FDIC and other agencies began easing prior restrictions on bank engagement with crypto related activities.

2. Regulatory Recalibration

The withdrawal of proposed rules signaled reconsideration of regulatory priorities.

3. Consumer Credit Reporting Reform

CFPB continued modernization of FCRA related regulations.

4. Cybersecurity Risk Escalation

Financial institutions remained priority targets for ransomware and cybercrime.

5. Financial Stability Monitoring

Regulators maintained focus on:

- commercial real estate risk
 - interest rate pressures
 - liquidity management.
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Conclusion

March 2025 represented a **transitional regulatory period** characterized by:

- recalibration of banking regulations
- evolving digital asset policy
- continued consumer protection enforcement
- heightened cybersecurity vigilance.

The most significant development was the **FDIC's withdrawal of several proposed rules and the rescission of the 2024 bank merger policy**, signaling a shift in regulatory posture and reducing immediate compliance burdens on financial institutions.