

# Comprehensive Regulatory Update Report

## U.S. Financial Regulatory Developments

July 2025

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# 1. Federal Banking and Prudential Regulation

## 1.1 Joint Federal Banking Agency Actions

Federal banking regulators issued several **interagency policy initiatives** during July 2025 involving the Federal Reserve, FDIC, and OCC.

### Proposal to Rescind the 2023 Community Reinvestment Act Rule

On **July 16, 2025**, the federal banking agencies proposed rescinding the **2023 CRA final rule** and restoring the historical regulatory framework derived from the 1995 CRA regulations. The proposal included technical amendments related to CRA sunshine provisions and public welfare investments.

Key objectives included:

- restore regulatory certainty
- reduce compliance complexity for banks
- maintain CRA obligations while lowering implementation burden

The proposal marked a significant regulatory reversal of prior modernization initiatives.

### Interagency Regulatory Burden Review

On **July 21, 2025**, federal banking agencies requested additional public comment regarding an **interagency initiative to reduce regulatory burden** affecting financial institutions.

The review focused on:

- supervisory reporting requirements
- capital framework complexity
- operational compliance costs
- regulatory overlap across agencies

The process formed part of the broader deregulatory strategy under the administration.

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## 1.2 Crypto Asset Risk Management Guidance

On **July 14, 2025**, federal banking regulators issued a **joint statement regarding crypto asset custody and safekeeping activities** by banks.

The guidance addressed risk management considerations for institutions engaging in digital asset services.

Key areas covered included:

- operational and custody controls
- anti money laundering monitoring
- liquidity and market volatility exposure
- legal risk from asset ownership structures
- technology and cybersecurity resilience

Banks holding crypto assets for customers were directed to maintain risk management frameworks consistent with traditional custody activities.

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## 1.3 FDIC Regulatory Actions

### Proposed Rule on Branch Establishment and Relocation

The FDIC Board approved a **notice of proposed rulemaking governing branch establishment and relocation procedures**.

The rulemaking aimed to:

- streamline approval processes
- improve transparency in geographic expansion
- align procedures with modern banking practices

### Creation of an Office of Supervisory Appeals

The FDIC also proposed establishing an **Office of Supervisory Appeals** designed to strengthen independence in supervisory dispute resolution.

The office would review challenges regarding:

- examination findings
- enforcement decisions
- supervisory determinations

The reform was designed to improve fairness and transparency in supervisory processes.

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## 1.4 FDIC Enforcement Publication

On **July 25, 2025**, the FDIC published enforcement actions from the prior month.

Typical enforcement areas included:

- unsafe banking practices
- Bank Secrecy Act deficiencies
- capital compliance failures
- governance breakdowns

Such releases form part of the agency's transparency regarding supervisory activity.

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## 1.5 OCC Supervisory and Enforcement Developments

### OCC Enforcement Actions

On **July 17, 2025**, the OCC announced enforcement actions against banks and individuals affiliated with national banks and federal savings associations.

Enforcement measures included:

- civil money penalties
- consent orders
- cease and desist orders
- management removal actions

These actions typically required remediation plans to correct deficient governance or compliance practices.

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## 1.6 OCC Organizational Leadership Changes

The OCC announced several senior leadership appointments in July 2025.

Key appointments included:

- **Chief of Staff and Senior Deputy Comptroller**
- **Chief Counsel**

Leadership restructuring supported evolving regulatory priorities within the agency.

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## 2. Federal Reserve Regulatory Developments

Although July 2025 produced fewer monetary policy actions, several supervisory and regulatory initiatives continued.

### 2.1 Supervisory Focus on Material Financial Risk

Federal Reserve supervisory policy during 2025 increasingly emphasized **material financial risk rather than procedural compliance metrics**.

Supervision shifted toward:

- credit risk concentration
- liquidity management
- capital adequacy
- operational resilience

Industry analysts interpreted the change as part of a broader effort to streamline regulatory oversight.

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### 2.2 Resolution Planning

The Federal Reserve and FDIC also continued releasing **public sections of resolution plans submitted by large banking organizations** during mid 2025.

Resolution planning evaluates:

- orderly failure scenarios
- systemic risk containment
- liquidity and capital availability

These plans remain central to post financial crisis prudential supervision.

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## 3. Consumer Financial Protection Regulation

### 3.1 Fair Lending Examination Policy Changes

During July 2025 regulators announced revisions to **fair lending examination guidance**.

Examination procedures removed references to **disparate impact liability** in supervisory reviews.

Implications included:

- reduced emphasis on statistical lending disparity analysis
- greater focus on intentional discrimination
- changes in supervisory documentation review

The change altered how examiners evaluate potential discrimination risk.

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### 3.2 CFPB Enforcement and Policy Environment

The Consumer Financial Protection Bureau continued enforcement activity and regulatory adjustments throughout 2025.

Key policy dynamics included:

- reassessment of open banking initiatives
- reconsideration of consumer data access frameworks
- evolving budget constraints impacting rulemaking

These developments influenced the pace of new consumer protection regulations.

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## 4. Financial Intelligence, Sanctions, and Anti Money Laundering

### 4.1 FinCEN AML Advisory Framework

FinCEN continued issuing **financial intelligence advisories** aimed at strengthening anti money laundering monitoring.

Advisories typically contain:

- suspicious activity indicators
- typologies of criminal activity
- red flag transaction patterns

Financial institutions integrate these signals into suspicious activity monitoring systems.

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### 4.2 OFAC Sanctions Policy Changes

In July 2025, sanctions policy changed significantly when **Executive Order 14312 revoked the Syrian sanctions regulatory framework** effective July 1, 2025.

The action:

- revoked six prior executive orders
- terminated the national emergency underpinning Syria sanctions regulations
- initiated removal of related regulatory programs

The change represented a major shift in U.S. sanctions policy toward Syria.

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## 4.3 AML Enforcement Landscape

Industry reports indicated that during 2025 **major penalties against U.S. banks for AML violations remained limited**, with enforcement more frequently targeting non bank financial intermediaries such as crypto exchanges and money transmitters.

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# 5. Financial Stability and Oversight

## 5.1 Payment Fraud Regulatory Initiative

Federal banking regulators continued work on a **multi agency initiative addressing payment fraud risks** across the banking system.

The initiative focused on:

- fraud mitigation across payment networks
- cross industry information sharing
- enhanced consumer education
- improved fraud data collection

The agencies established working groups to analyze industry feedback.

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# 6. Securities and Financial Markets Regulation

Although July 2025 produced limited SEC rulemaking announcements in the examined materials, the regulatory environment continued to focus on:

- oversight of investment advisers
- enforcement actions related to market manipulation
- digital asset regulation coordination with banking agencies

The SEC remained involved in broader interagency discussions regarding crypto asset custody and investor protection.

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# 7. Cybersecurity and Technology Governance

## 7.1 Financial Sector Cyber Risk

Cybersecurity oversight remained a major priority across federal agencies and financial sector organizations.

Regulators emphasized:

- ransomware resilience
- third party service provider risk
- digital asset custody security
- payment system cyber defenses

These issues frequently appeared in supervisory guidance and industry threat intelligence.

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# 8. Accounting and Financial Standards

## 8.1 Capital Framework Technical Adjustments

Federal regulators finalized technical changes affecting **regulatory capital standards for banking organizations**, resulting in a modest reduction in tier one capital requirements for certain holding companies.

Estimated impact:

- overall capital levels broadly unchanged
  - limited reductions in holding company tier one capital
  - subsidiary capital levels adjusted but largely retained within groups
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# 9. Industry Regulatory Coordination and Policy Organizations

Industry groups and trade associations responded to July 2025 regulatory developments through policy commentary and advocacy.

Major themes included:

- calls for reduced regulatory burden
- requests for supervisory transparency
- concerns regarding crypto asset oversight clarity
- advocacy for proportional regulation for community banks

Trade organizations such as the American Bankers Association, Bank Policy Institute, and Independent Community Bankers of America engaged with regulators through public comment processes.

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## 10. State Financial Regulatory Developments

State banking regulators and attorneys general continued independent supervisory activity.

Common themes across state actions included:

- consumer protection enforcement
- licensing oversight for fintech companies
- mortgage servicing compliance
- digital asset business regulation

Several states expanded scrutiny of fintech lending platforms and payment services.

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## Strategic Regulatory Themes Emerging in July 2025

Across the regulatory landscape, several structural policy themes emerged.

### 1. Regulatory Simplification

Multiple initiatives targeted reduction of regulatory burden, including:

- CRA rule reconsideration
- supervisory framework streamlining
- regulatory burden review processes

## 2. Risk Based Supervision

Supervisory focus shifted toward:

- material financial risk
- capital adequacy
- liquidity stability

rather than procedural compliance metrics.

## 3. Digital Asset Oversight

Federal regulators increased clarity regarding:

- bank custody of crypto assets
- operational risk management
- supervisory expectations for digital asset services.

## 4. Financial Crime Prevention

Anti money laundering and sanctions compliance remained central regulatory priorities, particularly relating to national security risks.

## 5. Payment System Fraud

The rapid growth of digital payments elevated fraud mitigation as a cross agency priority.

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# Conclusion

July 2025 marked a **significant regulatory transition period in U.S. financial oversight** characterized by deregulatory initiatives, supervisory reform, and evolving guidance on emerging technologies.

Major developments included:

- proposal to rescind the 2023 CRA modernization rule
- new crypto asset custody risk management guidance
- restructuring of supervisory appeals processes
- sanctions policy changes related to Syria
- continued AML intelligence guidance
- regulatory burden reduction initiatives

Collectively, these developments signaled a policy direction emphasizing **risk focused supervision, reduced regulatory complexity, and modernization of oversight for digital finance activities.**