February 2024 Financial Regulatory and Compliance Updates Across Federal and State Sources

Executive synthesis of February 2024 themes

February 2024 featured a concentration of interagency activity across prudential supervision, consumer protection, sanctions and illicit finance, cybersecurity, and market structure oversight. Federal banking regulators launched a new round of the Economic Growth and Regulatory Paperwork Reduction Act regulatory review process, seeking public input across multiple regulatory categories and setting a sequence of future outreach. [1]

Supervision and conduct themes included heightened attention to valuation discrimination and bias in residential lending, formalized through an interagency statement issued through the FFIEC channel and amplified through an OCC bulletin aimed at supervised institutions. [2]

Sanctions and illicit finance risk signaled elevated operational intensity, with OFAC issuing a new West Bank focused executive order and related designations early in the month, and issuing additional Russia related actions later in February, including general licenses tied to new blocking actions. [3] Parallel FinCEN signaling included an alert on financing indicators connected to extremist settler violence in the West Bank, intended to support detection and reporting by financial institutions. [4]

Cybersecurity governance moved forward with the publication of NIST Cybersecurity Framework 2.0, which introduced updated structure and emphasis, including governance and supply chain risk management. [5] In vulnerability operations, the CVE-2024-1709 entry in NVD reflected KEV catalog inclusion with a February 22 added date and a February 29 remediation due date, aligning patch and mitigation urgency with broader exploitation risk management workflows. [6]

Capital markets oversight also accelerated. The SEC adopted rules expanding the set of market participants treated as dealers or government securities dealers based on certain liquidity providing activities tied to regular business activity, triggering registration and related obligations for impacted participants. [7] The SEC also announced a set of settled matters tied to electronic communications preservation requirements, collecting combined civil penalties exceeding $81 million. [8]

Federal banking and prudential regulation

A major interagency prudential update arrived February 6 through a joint release framing the next EGRPRA cycle. The agencies described a 10 year review cadence and opened a 90 day comment window, beginning with three regulation categories: Applications and Reporting, Powers and Activities, and International Operations, with subsequent categories planned over the following two years along with outreach meetings. [1]

Stress testing communications appeared across multiple prudential channels. The OCC released 2024 Dodd-Frank Act stress test scenarios on February 15, describing baseline and severely adverse scenarios for covered institutions, and reiterating the annual February 15 scenario distribution schedule embedded in its stress testing rule framework. [9] On the same date, the FDIC released hypothetical stress testing scenarios for covered institutions above a $250 billion total consolidated asset threshold, noting interagency coordination in scenario development and distribution. [10]

Credit risk monitoring for large syndicated credit exposures also received interagency emphasis. On February 16, the agencies issued the 2023 Shared National Credit Program report, describing moderate credit quality with declining trends associated with higher interest rates and leveraged borrower pressures, and providing portfolio scale statistics and classification movement across the SNC population. [11]

Valuation and appraisal governance received explicit attention. The FFIEC issued an interagency statement on examination principles related to valuation discrimination and bias in residential lending, and the OCC distributed this through Bulletin 2024-6 to supervised entities as part of its real estate appraisals and evaluations communications. [2]

Administrative transparency processes also advanced. OCC Bulletin 2024-7 summarized an NPRM published February 22 to amend FOIA regulations at 12 CFR 4, describing expedited processing procedures, appeal paths for expedited processing and fee waiver denials, and definitional updates for confidential commercial information, with an April 22 comment deadline. [12]

February FDIC Financial Institution Letters included multiple disaster recovery guidance items and a valuation related action. FIL-5-2024 and FIL-6-2024 issued February 5, followed by FIL-7-2024 on February 13 and FIL-8-2024 on February 23, each focused on guidance to facilitate recovery in disaster affected areas; FIL-9-2024 on February 26 addressed temporary exceptions to appraisal requirements in Maui County in connection with Hawaii wildfire impacts. [13]

Enforcement and supervisory actions also surfaced through February dated actions across agencies. The Federal Reserve issued an enforcement action announcement February 13 referencing a civil money penalty tied to flood insurance violations involving Select Bank[14] in Forest[15]. [16] The OCC issued a February 15 release making February 2024 enforcement actions available. [17]

Credit union supervision had notable February board activity. The NCUA Board open meeting on February 15 adopted revisions to IRPS 13-1 governing the Minority Depository Institution Preservation Program for credit unions and included a Share Insurance Fund performance briefing. [18]

Consumer finance and market conduct

A central February consumer finance development arrived February 29 through CFPB guidance on digital comparison shopping tools. The CFPB issued a circular explaining how steering consumers toward certain products or lenders due to kickbacks can violate federal law, describing manipulated results and digital dark patterns as risk factors, and framing expectations for enforcement agencies and regulators. [19] Rohit Chopra[20] was quoted in the release describing the agency's focus on digital advertisements and objective advice framing. [19]

CFPB also updated its supervision operations. On February 16, the CFPB announced revisions to its supervisory appeals process, describing an updated structure for regulated entities seeking review of examination related determinations. [21]

FDIC consumer oriented communications in February concentrated on student loan decision support. The February 2024 FDIC Consumer News edition, distributed February 5, focused on student loan education and repayment planning themes for consumers. [22]

At the state level, February updates in financial services oversight and consumer protection included both regulatory proposals and firm specific developments:

NYDFS published a February 6 press release describing proposed regulation targeting pharmacy benefit manager practices, framed around cost and fairness impacts for consumers. [23] Later in the month, NYDFS issued a February 28 release describing a commitment by Gemini Trust Company, LLC[24] to return at least $1.1 billion to Earn program customers through the Genesis Global Capital, LLC[25] bankruptcy proceeding, supported by an additional $40 million contribution. [26] Adrienne A. Harris[27] was the named superintendent in that release. [26]

California DFPI issued its February 2024 Monthly Bulletin, covering the month ended January 31, 2024, as part of its recurring publication stream for regulated industries and public updates. [28]

Texas Department of Banking industry notices during February included a February 8 notice describing commissioner submitted comments responding to an FDIC proposal on corporate governance and risk management standards for covered institutions above a specified asset level, alongside other public education items such as an on demand financial education webinar posting on February 13. [29]

Florida OFR enforcement case updates during February included a February 16 posting describing an arrest connected to an elderly exploitation scheme and a February 27 posting describing sentencing outcomes involving Sammie Sue Doss[30], including incarceration, probation, restitution, and industry participation restrictions. [31] A separate February 1 enforcement case update described sentencing of Phillip Roy Wasserman[32] in connection with an investment scam matter. [33]

Treasury sanctions and financial intelligence

OFAC and FinCEN activity in February 2024 created a dense sanctions and illicit finance operations environment for financial institutions, particularly those managing cross border payments, customer onboarding, correspondent relationships, and sanctions screening systems.

On February 1, OFAC issued a release describing a new executive order focused on sanctions targeting persons undermining peace, security, and stability in the West Bank[34], accompanied by related designations. [35] The same OFAC release referenced a FinCEN advisory, aligning sanctions designations with BSA reporting and typology support. [35] FinCEN's February 1 alert provided red flag indicators and typologies for suspicious activity reporting linked to Israeli extremist settler violence against Palestinians in the West Bank. [4] Israel[36] is referenced in the alert context. [4]

OFAC issued additional Russia related actions on February 8, describing determinations covering prohibitions related to imports of diamond jewelry and unsorted diamonds of Russian Federation origin and related import prohibitions affecting certain categories of diamonds. [37] Russia[38] is the referenced jurisdiction in those determinations. [37]

On February 23, Treasury announced a very large sanctions action set tied to the second anniversary of Russia's further invasion of Ukraine[39] and tied in part to the death of Aleksey Navalny[40], describing a coordinated campaign targeting Russia's repression, human rights abuses, and aggression. [41] Complementing the broader sanctions package, OFAC issued Russia related general licenses 88 through 91 addressing wind down and limited transaction authorizations connected to entities blocked February 23, including financial institutions blocked that day. [42]

For AML program modernization and beneficial ownership infrastructure, FinCEN's beneficial ownership information access and safeguards final rule was positioned with an effective date of February 20, 2024, establishing a key milestone for how authorized recipients access beneficial ownership information within the Corporate Transparency Act framework. [43]

Cybersecurity and technology risk

February 2024 delivered a structural update to cybersecurity governance resources plus high urgency vulnerability execution signals for incident response and patch management teams in the financial sector.

NIST published the Cybersecurity Framework 2.0 on February 26, 2024. The document describes CSF 2.0 components including the CSF Core, Profiles, and Tiers, and elevates governance and supply chain considerations through updated structure, including the addition of a GOVERN function alongside IDENTIFY, PROTECT, DETECT, RESPOND, and RECOVER. [5] The CSF 2.0 publication frames broad usage across sectors and organizational sizes and positions the framework as a tool to understand, assess, prioritize, and communicate cybersecurity risk posture. [5]

Vulnerability exploitation management in February centered on ConnectWise ScreenConnect. The NVD entry for CVE-2024-1709 indicates inclusion in the CISA Known Exploited Vulnerabilities catalog with a February 22, 2024 added date and a February 29, 2024 due date, alongside required action language focused on applying mitigations per vendor instructions or discontinuing use if mitigations are unavailable. [6] Reference materials and threat analysis from industry sources during late February described rapid exploitation dynamics in the ecosystem, reinforcing the operational urgency of coordinated patching and external exposure review for remote access tooling tied to ConnectWise[44]. [45]

Securities markets, derivatives, and accounting standards

February 2024 included significant market structure regulation at the SEC, targeted derivatives market actions at the CFTC, and notable accounting and audit oversight actions relevant to public company reporting and regulated firm governance.

On February 6, the SEC adopted rules designed to bring certain significant liquidity providing market participants within dealer and government securities dealer registration requirements. The SEC described the rules as requiring certain market participants engaging in dealer roles to register, join an SRO, and comply with federal securities laws and regulatory obligations, with coverage tied to defined “regular business” activity under Exchange Act Sections 3(a)(5) and 3(a)(44). [7] Gary Gensler[46] provided public commentary supporting the registration alignment described in the release. [7]

On February 9, the SEC announced settled charges against 16 firms tied to electronic communications preservation requirements, with combined civil penalties exceeding $81 million and described compliance program improvements initiated in response. [8]

CFTC activity in February included both policy and market operations guidance. A February 20 CFTC release summarized approvals of proposed rules and other commission business, including a proposal related to margin adequacy and separate accounts treatment by futures commission merchants. [47] On February 22, CFTC staff issued a no action letter addressing pre trade mid market mark practices for certain interest rate swaps referencing SOFR, indicating active engagement with technical market practice questions. [48]

Audit oversight activity relevant to registrants and listed issuers included PCAOB enforcement documentation dated February 20, 2024 reflecting sanctions against Baker Tilly US, LLP[49] tied to audit committee communication documentation and related requirements, reinforcing audit governance expectations connected to issuer engagements. [50]

Accounting standard setting updates also included February board actions. FASB posted tentative board decisions dated February 28, 2024 reflecting board direction to proceed toward issuance of a final Accounting Standards Update in the scope application of profits interest awards project workflow, reflecting active GAAP development inputs for preparers and auditors. [51]

Industry and trade group engagement in February continued through formal comment letters and market structure advocacy. A Bank Policy Institute comment letter dated February 26 addressed revisions to Call Report and FFIEC 002 reporting, reflecting bank reporting burden and data structure positions in response to agency proposals. [52] SIFMA and SIFMA AMG issued a February 15 filing raising concerns with one minute trade reporting proposals tied to FINRA and the Municipal Securities Rulemaking Board[53], emphasizing implementation and market structure considerations for fixed income transparency initiatives. [54] Financial Industry Regulatory Authority[55] is the referenced SRO in that context. [54]

Finally, DOJ fair lending enforcement had a prominent February settlement. On February 5, DOJ and the State of North Carolina announced a $13.5 million agreement with First National Bank of Pennsylvania[56] addressing alleged redlining impacts in Charlotte[57] and Winston-Salem[58]. [59] This action aligns with continued federal fair lending enforcement emphasis relevant to mortgage origination distribution, marketing, and branch and broker strategy governance. [59]

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