



# Year-End Regulatory Recap

Insights from 2024

# 2025: The Year of Regulatory Shift

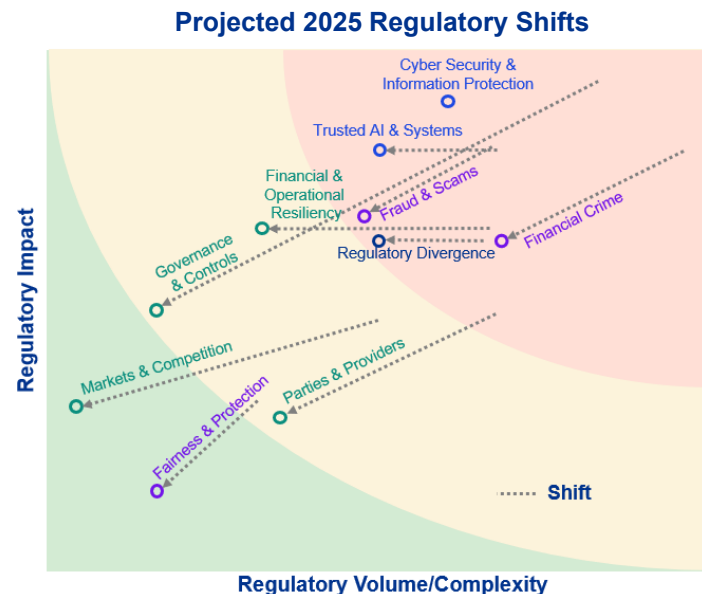
## 2024

### The Year of Regulatory Anxiety

- **Exam Findings and Remediation:** Across risk including data, AML, third party, trade surveillance, and e-communications
- **Regulatory Discord:** Legal challenge on new rulemaking
- **Frameworks and Existing Regulations:** Issuance of frameworks/ guidance (versus new rulemaking)

## 2025

### The Year of Regulatory Shift



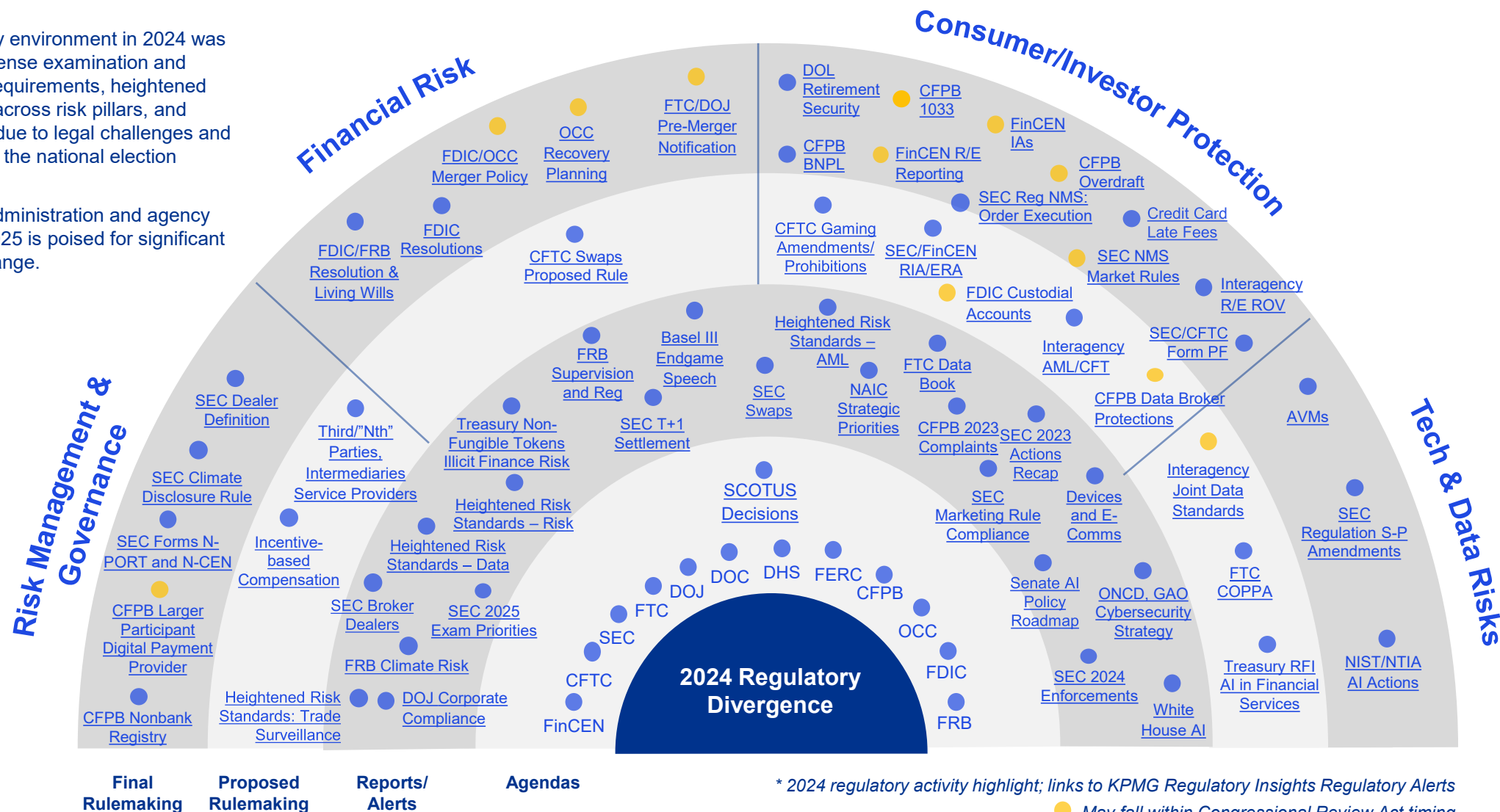
Source: KPMG Regulatory Insights, [Ten Key Regulatory Challenges of 2025](#), Dec 2024

- 1 Regulatory Divergence
- 2 Trusted AI & Systems
- 3 Cybersecurity & Information Protection
- 4 Financial Crime
- 5 Fraud & Scams
- 6 Fairness & Protection
- 7 Financial & Operational Resiliency
- 8 Parties & Providers
- 9 Governance & Controls
- 10 Markets & Competition






# 2024 Regulatory Summary\*

The regulatory environment in 2024 was marked by intense examination and remediation requirements, heightened expectations across risk pillars, and uncertainties due to legal challenges and anticipation of the national election results.

With a new Administration and agency leadership, 2025 is poised for significant regulatory change.



# 2024 Most Popular Regulatory Insights: POVs


	Topic	KPMG Insights	Regulatory Insight
1	Potential Election Impacts	<p>How will the upcoming U.S. elections—with the potential for a new Democratic or Republican presidential administration and shifts in Congressional majorities—impact critical areas such as AI regulation, cybersecurity, risk governance, and financial crime prevention?</p> <p>2025 is poised to be a pivotal 'Year of Regulatory Shift.' This KPMG regulatory Insights analysis considers what changes might occur as well as their implications, delving into the anticipated regulatory volume, complexity, and impact.</p>	 <a href="#">2025: The Year of Regulatory Shift</a>
2	Post-Election Impacts	<p>With a new presidential Administration coming, 2025 is poised to be a pivotal “Year of Regulatory Shift” as the new Administration looks to advance key initiatives while also working within the realities of what is feasible by way of legislation. In concert with nullifying or revising the prior Administration’s Executive Orders, expect the potential issuance of new Executive Orders in/around the following areas and the establishment of new agency leadership to drive execution: 1.) Focus on “Critical” Security, 2.) Focus on Resiliency, 3.) Reduction of Regulatory Burden</p>	 <a href="#">Three Regulatory Takeaways: Post-Election Shifts</a>
3	AI	<p>Where are AI regulations going? KPMG Regulatory Insights shares insights into evolving AI regulations. Highlights include:</p> <ul style="list-style-type: none"> <li>— Alignment on regulatory principles such as fairness, accountability, risk management, security and resiliency, data privacy, and data integrity</li> <li>— Use/Expansion of AI regulatory frameworks including evolving cyber and risk management systems and the expanded use of existing model risk and third-party frameworks</li> <li>— More regulatory actions coming</li> <li>— Need for AI governance action including controls, documentation, monitoring, testing, and management/board oversight.</li> </ul>	 <a href="#">AI Regulation: Present &amp; Future</a>
4	Regulatory Challenges	<p><b>2024 will be remembered as The Year of Regulatory Anxiety.</b> Companies will continue to feel regulatory pressure from:</p> <ul style="list-style-type: none"> <li>— Exam findings and remediation costs across financial and nonfinancial risks</li> <li>— Regulatory discord creating high operational, compliance, and reputational risk</li> <li>— Frameworks and existing regulations applied to new areas/products in lieu of new rules</li> </ul> <p>Supported by a rising KPMG Regulatory Insights Barometer, we present our perspectives at mid-year plus insights on what to expect going into 2025 amidst ongoing regulatory intensity and election uncertainties.</p>	 <a href="#">Ten Key Regulatory Challenges 2024: Mid-Year Look Forward</a>
5	Post-Election Impacts	<ul style="list-style-type: none"> <li>— <b>Agency Shifts:</b> Leadership at the agency level will help to drive and/or limit divergence of regulatory initiatives. Expect significant regulatory shifts to agencies covering such policy areas as the environment, financial consumer protections, etc.</li> <li>— <b>Regulatory Intensity:</b> The potential for a decrease in regulatory intensity will likely differ by industry, agency leadership changes and the Administration’s evolving priorities on “day one” and thereafter. In the interim, expect potential impacts to supervision and enforcement intensity, and continued legal action/challenges to regulation (as well as continued state regulatory activity).</li> <li>— <b>Regulatory Divergence:</b> Expect geopolitical, national security and economic drivers to set increases in select regulatory areas (e.g., sanctions) while limiting US to global regulatory coordination. This divergence will have differing business impacts based on industry, operational sites, etc.</li> </ul>	 <a href="#">Post-Election Regulatory Insights Industry View</a>



# 2024 Most Popular Regulatory Insights: Regulatory Alerts

	Topic	Agency	KPMG Insights	Reg. Insight
1	Regulatory Authorities	SCOTUS	<p>SCOTUS issues several big rulings with rippling regulatory effects across industries:</p> <ul style="list-style-type: none"> <li>— <b>Loper Bright v. Raimondo</b>, et al (Chevron Doctrine): SCOTUS overturns the Chevron doctrine, a 40-year-old legal precedent whereby courts defer to agency interpretations of statutes in cases of ambiguity (as long as those interpretations are ‘reasonable’).</li> <li>— <b>SEC v. Jarkesy</b>: In a more limited ruling on enforcement of security fraud violations, SCOTUS rules on the entitlement of a jury trial rather than an in-house review by the agency. (Note: SCOTUS declined to address broader challenges to the agency’s enforcement structure, including the use of in-house administrative law judges.)</li> <li>— <b>Corner Post v. Board of Governors</b>: SCOTUS rules that the statute of limitations under the Administrative Procedures Act (i.e., six years after the right of first action accrues) begins when the plaintiff is “injured” by the final agency rulemaking/action.</li> </ul>	<a href="#">SCOTUS Decisions: Year of Regulatory Anxiety</a>
2	Examination Priorities	SEC	<ul style="list-style-type: none"> <li>— <b>AI/Emerging Technologies</b>: An evolving focus on areas of automated investment tools, AI, trading algorithms, etc., for fraud/deception, systemic risk and/or conflicts of interest.</li> <li>— <b>Cyber and Safeguarding</b>: Top regulatory priorities in 2025, including the efforts made to prevent interruptions/disruption.</li> <li>— <b>AML</b>: Consistent with other FS regulators, a high focus on all aspects of the AML program, including independent testing, Know Your Customer programs and SAR filings.</li> <li>— <b>T+1</b>: A focus on T+1 compliance in areas of books and records and associated technology changes.</li> <li>— <b>Crypto Assets</b>: To those offering, attention in areas of standards of conduct, resiliency, and compliance.</li> </ul>	<a href="#">SEC 2025 Priorities: Examinations &amp; Perspectives</a>
3	AI	State: CO	<ul style="list-style-type: none"> <li>— <b>Consumer Protection Focus</b>: The Colorado AI law imposes obligations on both developers and deployers of “high-risk AI systems” to mitigate the risk of “algorithmic discrimination” and consumer harm across numerous sectors, including financial services, insurance, and healthcare..</li> <li>— <b>Core AI Principles</b>: The new law follows core principles from the NIST AI Risk Management Framework, including guidance and standards related to design, development, deployment, and testing, and also aligns with the EU AI Act’s focus on “high-risk AI systems” and their relationship to “consequential decisions”.</li> <li>— <b>Near-term Implementation</b>: Compliance for developers and deployers is required beginning February 1, 2026, providing only eighteen-months to implement operational, risk management, and compliance changes.</li> <li>— <b>More State AI Regulation</b>: Colorado has actively pursued AI-related legislation/regulation. Expect continued (but likely differing/nuanced) AI-related legislative and regulatory activity across many states.</li> </ul>	<a href="#">Colorado Artificial Intelligence Act (CAIA)</a>
4	Supervision/ Enforcement	SEC	<ul style="list-style-type: none"> <li>— <b>Record Enforcement</b>: A total of 784 enforcement actions representing a 3% increase over the prior fiscal year, and financial remedies of close to \$5 billion.</li> <li>— <b>Whistleblower Power</b>: Highest amount awarded in one year at nearly \$600 million and highest number of whistleblower tips received in one year at more than 18,000 (and 50% higher than the prior record).</li> <li>— <b>Upcoming Exam Focus</b>: Expect increasing focus on Compliance investment, T+1 compliance, execution transparency and fee transparency; Expect more risk alerts and outreach.</li> </ul>	<a href="#">SEC Speaks: Recap of 2023 Actions</a>
5	AI	NIST/ NTIA	<ul style="list-style-type: none"> <li>— <b>Marking Time</b>: The White House announces completion of the required 270-day actions under the AI Executive Order on schedule.</li> <li>— <b>Rush of Releases</b>: Commerce Department, through NIST and NTIA, continues to release principle-based frameworks/ guidance under the AI EO, with more reports and guidance to come.</li> <li>— <b>Broad Coverage</b>: AI issuances span GenAI-related risk management and development frameworks, global plans for alignment, and best practices for managing and mitigating risks in foundation models.</li> <li>— <b>Quick Turnaround</b>: NIST’s rapid issuance of AI guidance demonstrates the swiftness of AI policy/regulation for both AI developers and deployers.</li> </ul>	<a href="#">New AI Actions: White House Announcement; NIST, NTIA Guidance</a>

# Ten Key Regulatory Challenges of 2025

Regulatory Intensity	<div>1</div> <div>Regulatory Divergence</div> <div>Regulatory divergence and legal challenge will continue, drive high operational, risk and compliance challenges/impacts and potential compliance and reputational risks.</div>		<div><div>Ten Key Regulatory Challenges of 2025</div><div>Rolling through the shift</div><div>KPMG</div></div> <div><a href="#">Ten Key Regulatory Challenges of 2025</a></div>	
Tech & Data Risks	<div>2</div> <div>Trusted AI &amp; Systems</div> <div>In 2025, anticipate repeal of the current AI Executive Order and the establishment of a new AI Executive Order focused on prioritizing AI innovation and growth across all agencies.</div>	<div>3</div> <div>Cybersecurity &amp; Information Protection</div> <div>As cybersecurity risks remain a key concern across industries, and particularly relative to critical infrastructure and security, regulatory scrutiny of data security, data risk management, operational resilience, and incident response/reporting will continue in 2025</div>		
Consumer/ Investor Protection	<div>4</div> <div>Financial Crime</div> <div>Focus on financial crime regulation (inclusive of sanctions, anti-corruption, know-your-customer, anti-money laundering, beneficial ownership, etc.) is unlikely to abate in 2025. .</div>	<div>5</div> <div>Fraud &amp; Scams</div> <div>Increasing numbers and costs of fraud losses coupled with increasing risks (including online privacy, cybersecurity, identity theft and AI-generated deepfakes) will drive regulatory focus and supervision in areas of model risk management, authentication and reporting.</div>	<div>6</div> <div>Fairness &amp; Protection</div> <div>Agency leadership mission changes as well as the successful legal challenges to jurisdictional authorities have delayed and/or limited the effect of certain consumer/investor protection regulations.</div>	
Risk Management & Governance	<div>7</div> <div>Financial &amp; Operational Resilience</div> <div>The probability and potential impact of disruptions has increased driven by evolving technologies and a growing interconnectedness between financial and nonfinancial companies.</div>	<div>8</div> <div>Parties &amp; Providers</div> <div>Given increasing reliance on third-party/provider relationships and growing interdependencies/ interconnectedness between/ among companies and industries, regulators will continue to assess risks across such areas as compliance, fraud/waste, data management, cybersecurity, financial crimes, and fairness.</div>	<div>9</div> <div>Governance &amp; Controls</div> <div>Companies will need to continue to act on prior regulatory findings in the area of heightened risk management and governance amidst changing levels of regulatory intensity.</div>	<div>10</div> <div>Markets &amp; Competition</div> <div>Regulators look to promote “fair” market competition and minimize “harmful” competitive impacts through antitrust/ anticompetitive laws.</div>

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