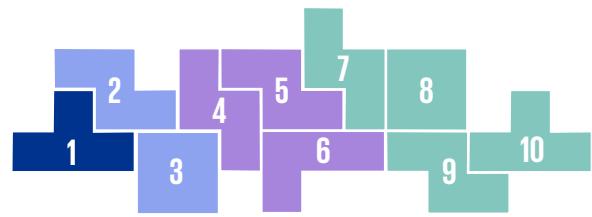




01 Executing Mandates



Regulatory Signals

- Core Mission
- “Self-Regulation”
- Regulatory Divergence

Aligning with the Administration’s priorities to reduce complexity, encourage innovation, and promote growth, regulators have narrowed supervision and enforcement to core statutory authorities; organizations must be cognizant of maintaining compliance with existing laws and regulations and growing regulatory divergence.

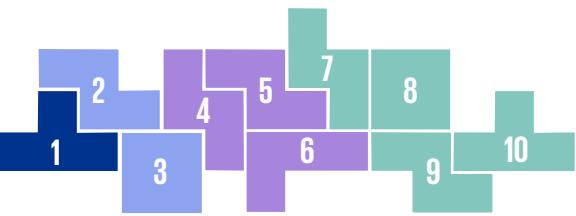
“As the U.S. regulatory landscape evolves, regulators appear to be returning to fundamentals—core missions, statutory mandates—even as they embrace implementation of the digital financial technologies, like digital assets and AI applications, that are reshaping the financial system. This approach may signal a lighter supervisory touch in some areas and a growing reliance on market-driven discipline. For all organizations, the overarching challenge in 2026 will be to balance the regulatory stack.”

“

Laura Byerly
Managing Director
Regulatory Insights



01 Executing Mandates



Regulatory Signals

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Signal

Federal agencies have focused resources on supervising and enforcing regulations based on their statutory authorizations, and in a manner consistent with the Administration’s priorities of reducing complexity, encouraging innovation, and promoting economic growth. Related actions include modified enforcement focus, rule rescissions/withdrawals, and cross-agency coordination.

Examples

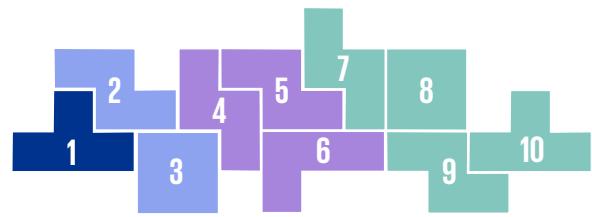
- Reviewing regulations for consistency with the law (e.g., EO 14219, Presidential Memo directing repeal of regulations)
- Publicly stating a return to “core mission” (e.g., agency statements SEC (Atkins, Pierce), EPA (Zeldin); FTC Draft Strategic Plan)
- Cross-agency identification of regulations that may hinder competition, entrepreneurship, and innovation (e.g., FTC/DOJ joint letter, anti-competitive task forces; FTC RFI)
- Efforts to harmonize regulatory requirements between agencies (e.g., SEC/CFTC roundtables on digital assets, prediction markets; ONCD efforts to coordinate cybersecurity requirements)
- Streamlining regulatory reviews and focusing on tailoring and reforming supervision processes (e.g., FRB, FDIC, OCC efforts to tailor requirements for large banks and community banks)

What to Watch

- A “back-to-basics” approach to supervision and enforcement
- Ongoing tailoring of regulations based on size, scale, and risk profile
- Increasing use of guidance (e.g., FAQs) and frameworks



01 Executing Mandates



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Signal

Through the withdrawal/recission of regulations, narrowed enforcement priorities, and increased reliance on guidance, regulators are exercising a “lighter touch” with regard to supervision and enforcement while simultaneously encouraging/incentivizing companies to identify, mitigate, remediate, and self-report misconduct.

Examples

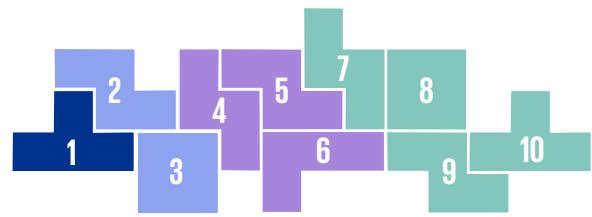
- Promotion of self-reporting, cooperation, and remediation (e.g., DOJ Criminal Division policies (white collar crime, crediting penalties); CFTC Enforcement Advisory)
- Focusing banking supervision on material risks (e.g., FRB, FDIC, OCC interagency proposed rule)

What to Watch

- In the absence of regulation by enforcement, market-driven pressures will likely challenge companies to maintain their compliance and risk programs – “compliance is good for business”
- Long-standing regulations remain in place and still apply despite a shifting regulatory landscape. Board buy-in and investment in compliance will remain crucial to the success of the business



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Signal

The regulatory landscape continues to grow in complexity as federal and state laws and regulations diverge due to differences in supervisory and enforcement priorities. In many instances, state activity (e.g., legislative, regulatory, enforcement) has increased to fill perceived gaps at the federal level (e.g., consumer/investor protections, data privacy, AI, climate/sustainability). Differences in global regulations and supervisory frameworks create divergent requirements by geography or jurisdiction.

Examples

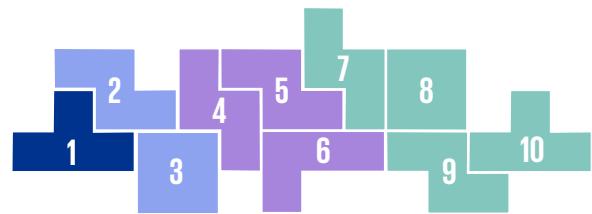
- Recission of federal rules related to climate, DEI, fossil fuels (e.g., EO 14151, EO 14154, EPA rule withdrawals, SEC withdrawal of climate disclosure rule defense)
- State laws governing climate/sustainability (e.g., CA Corporate Climate Accountability Disclosure Act) and federal opposition (e.g., EO 14260)
- Identification and potential withdrawal/recission of federal rules perceived to inhibit AI innovation (e.g., OSTP RFI)
- Ongoing compliance requirements with global regulations (e.g., GDPR, DORA, EU AI Act, Paris Agreement)

What to Watch

- Continuation and expansion of divergences between federal, state and global regulations and frameworks in certain areas including AI, digital assets, data privacy, and sustainability
- Rapid growth in regulatory changes across jurisdictions, including new wide-ranging “comprehensive” state AI laws
- Interagency coordination for U.S. revision of Basel III Endgame
- Potential streamlining of international laws and regulations



01 Executing Mandates



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