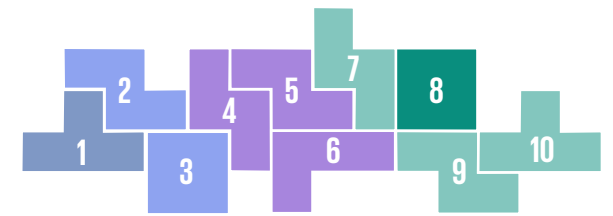


08 Driving Capital Formation & Growth



Regulatory Signals

- Private Credit
- IPO Revitalization
- Retail Access & Protections
- Bank Formation
- Mergers & Acquisitions

Focus on capital-raising sources to promote economic growth and innovation, including private credit, public markets, and the role of retail investors.

“The likely continuation of decreasing interest rates will drive M&A and IPO activity. For banks, size and scale will matter as they face the challenges of AI adoption and a rapidly changing regulatory environment; developing a strategy will be challenging given market sentiment that remains unpredictable.”



Henry Lacey
Principal
Advisory

“Accelerated regulatory approvals are driving an uptick in large-scale banking M&A and regional bank consolidation, with the approval window for major deals now shortened to approximately three months.”



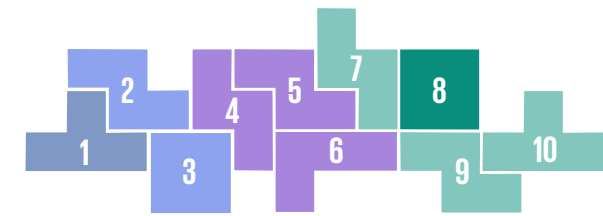
Nadia Orawski
Principal
Advisory

“This is a time of both opportunities and risks. Easing of regulatory constraints and the rise of private assets means companies will need to evolve their risk and compliance programs to protect their customers and their own reputations.”



Mike Sullivan
Partner
Advisory

08 Driving Capital Formation & Growth



Regulatory Signals

- **Private Credit**
- IPO Revitalization
- Retail Access & Protections
- Bank Formation
- Mergers & Acquisitions

Signal

Rapidly expanding segment of nonbank financial intermediaries highlights a shift from traditional bank financing to alternative sources. Regulatory concerns include the potential for elevated systemic risk through interconnectedness with other financial entities, combined with a lack of transparency or reporting on private credit market participants.

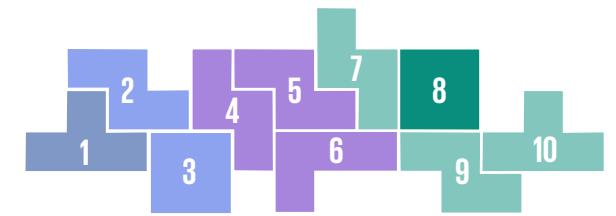
Examples

- Research investigating interdependencies among banks, BDCs, and PD funds, focusing on systemic vulnerabilities and financial stability (e.g., FedNotes, May 2025: Bank Lending to Private Credit)
- Identification of NDFI lending and private credit as a key credit risk (e.g., FDIC 2025 Risk Review)
- Identification of potential financial stability risks related to NDFIs and private credit (e.g., most recent FSOC Annual Report)

What to Watch

- Potential reconsideration of proposals for new data collection and reporting requirements on NDFI lending (e.g., Call Report)
- Potential for increased supervisory focus and oversight of non-bank lending practices, such as:
 - Capital, liquidity stress testing, resiliency, private fund securitization disclosures (e.g., Form PF)
 - Credit/funding chains (e.g., bank lending, BDCs, and borrowers)
 - Enhanced loss analysis and impact on CECL reserves
 - Market conduct (e.g., conflicts of interest)
 - Investor protections, NDFI governance and risk management

08 Driving Capital Formation & Growth



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Signal

Responding to an extended decline in the number of IPOs, regulators (and legislators) seek to revitalize the attractiveness of IPOs as a means of raising capital (e.g., easing requirements such as reduced documentation and investor communications as well as scaling certain requirements post-IPO) and bringing more investment opportunity and diversification to the public markets.

Examples

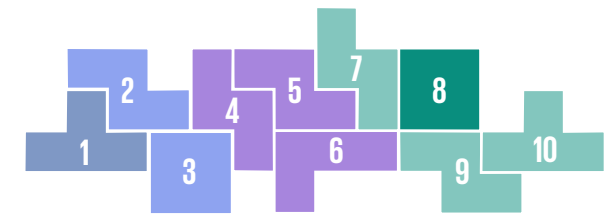
Recent activity from the SEC includes:

- Commissioner Statements (Atkins, Uyeda)
- Enhanced accommodations for issuers submitting draft registration statements for nonpublic review
- Policy revisions to permit mandatory arbitration in registration statements

What to Watch

- Potential SEC rulemaking for emerging growth companies to include:
 - Definitions and qualifications
 - New accommodations for existing disclosure requirements
 - Enhanced accommodations and simplification of filer status for reporting companies
- Shareholder proposal “modernization”

08 Driving Capital Formation & Growth



Regulatory Signals

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Signal

Intended expansion of retail investor access, with safeguards, to invest in private market opportunities, giving consideration to ideas such as:

- Amending rules for accredited investors and exempt offerings.
- Permitting retail investment (through funds) to invest in private funds.

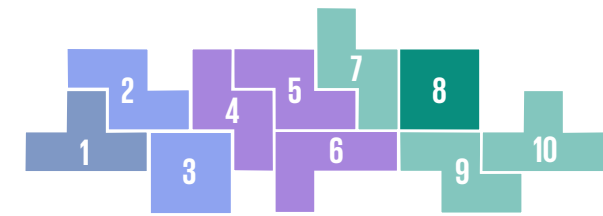
Examples

- Allowing retail investor access to alternative assets in ERISA plans (e.g., EO 14330)
- Consideration of changes to accredited investor qualifications, exempt offering requirements (e.g., SEC Statements (Uyeda))
- Removing investment limitations on closed-end funds (e.g., SEC Division of Investment Management, ADI 2025-16)

What to Watch

- Rulemaking from the DOL and other regulators to facilitate retail access to private markets through ERISA plans and related fiduciary responsibilities
- Regulatory (e.g., SEC) and legislative efforts to amend accredited investor qualifications, including non-financial criteria
- Potential updates to existing rules/frameworks to strengthen investor protections where retail investors may access private markets, and to facilitate capital formation
- More product offerings that give indirect exposure to private funds

08 Driving Capital Formation & Growth



Regulatory Signals

- Private Credit
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Signal

Acceptance of new bank entrants/models to accommodate changes in the financial markets; areas considered include:

- ILCs, de novo bank charters.
- Revisions to expand eligibility of private equity and other nonbank entities to bid for failed banks.

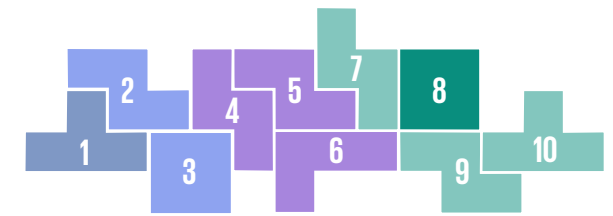
Examples

- OCC preliminary approval of de novo bank charter focused on digital assets; reinstatement of “streamlined application and expedited review procedures”
- Consideration of private equity bidders (e.g., FDIC Statement (Hill))
- Review of “nature and structure” of non-financial companies forming an industrial bank (e.g., FDIC RFI on ILCs)

What to Watch

- Launch of FDIC pilot program for a nonbank bidder pre-qualification process (January 2026)
- OCC approvals of de novo bank charter applications as well as national trust bank charters related to stablecoin custody
- Potential reconsideration of FDIC ILC framework

08 Driving Capital Formation & Growth



Regulatory Signals

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Signal

Continued application of existing guidance focusing on anti-competitive transactions to maintain open, competitive markets and encourage innovation.

Executive directives will impact cross-border transactions in areas related to global supply chains, tariffs, “critical technologies,” and national security.

Examples

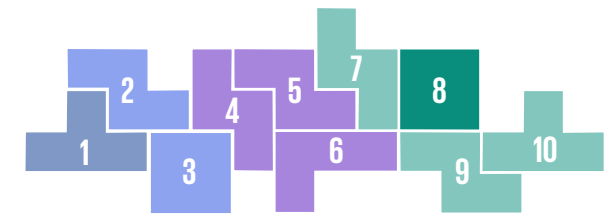
- Identification of anti-competitive regulations for potential reconsideration (e.g., DOJ, FTC RFI)
- Withdrawal of appeal to non-compete rule challenge (e.g., FTC)
- Solicitation on the scope, prevalence, and effect of employer non-compete agreements (e.g., FTC RFI)

What to Watch

2026 deal-making may be driven by multiple factors including:

- Acquisition of technology and related talent
- Economic conditions (e.g., falling interest rates)
- The regulatory environment (e.g., banking agency statements re: timely reviews; changes to HSR reviews)
- Capital reallocation (e.g., based on tariffs/supply chains)

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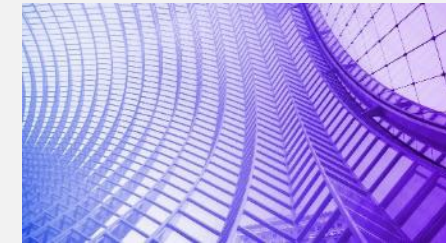
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