

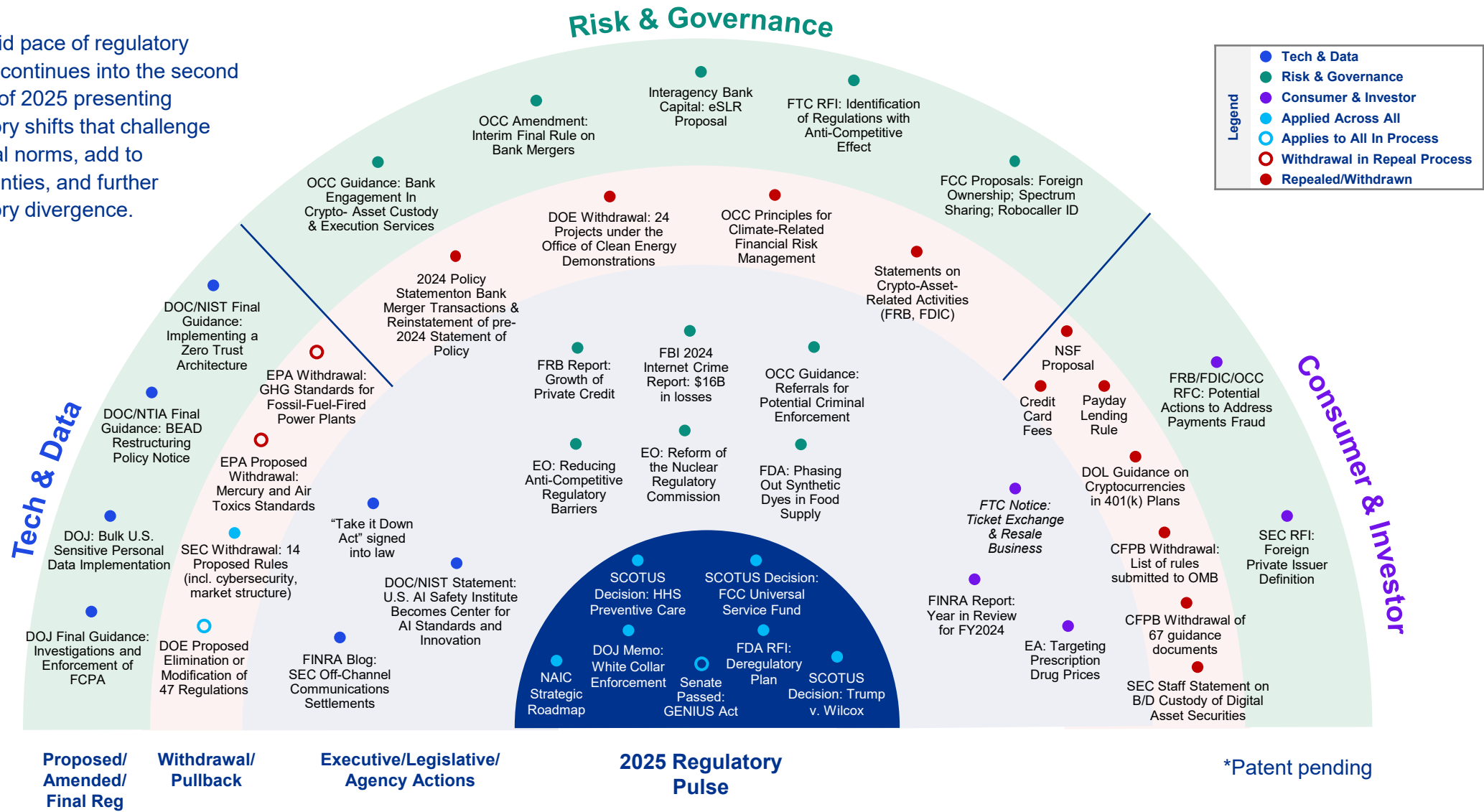


Regulatory Insights

Recap of 2nd Quarter 2025

Q2 2025: Regulatory Pulse*

The rapid pace of regulatory change continues into the second quarter of 2025 presenting regulatory shifts that challenge historical norms, add to uncertainties, and further regulatory divergence.



*Patent pending



Q2 2025: Regulatory Alerts



Topic	KPMG Insights	Regulatory Alerts/Articles
Capital/ Financial Risk	<ul style="list-style-type: none"> • Priority on Financial Risk: Will re-focus examiner priorities on areas such as market-, credit-, and capital-related risks • Coming Capital Changes: May not reflect all of the Basel III Endgame standards but rather those regulators can “independently validate” and subject to public comment; potential for supplementary leverage ratio changes to be separately addressed • Tailoring in All Shapes and Sizes: Consideration of multiple efforts to tailor regulatory expectations for community banks (e.g., capital, TPRM) and ease requirements for large banks (e.g., stress testing, resolution planning) 	Upcoming Regulatory Changes in/to Financial Risk
Capital/ Financial Risk	<ul style="list-style-type: none"> • First Step: Changes to the eSLR are seen as a “first step” in proposed capital changes, with future actions to consider tailoring, including of surcharges and thresholds. • Tying to Risk: Amendments meant to increase Treasury market trading by tying requirements to overall risk to the financial system. • Exemptions Coming?: Seeking input for potential additional/alternative ratio changes, including exemptions for Treasury securities, etc. 	Enhanced Supplementary Leverage Ratio (eSLR): Proposed Rule
DOJ - Corporate Enforcement	<ul style="list-style-type: none"> • Self-Detection & Disclosure Matter: Revisions clarify the benefits of self-reporting misconduct but also rest on the expectation of a strong compliance program, including detection, self-reporting, remediation, and cooperation. • Corporate Whistleblower Pilot Program: Whistleblower tips will continue to be welcomed by the DOJ with key focus on areas of procurement and federal program fraud, trade violations, sanctions violations, and support of foreign terrorist organizations. 	Special Alert: DOJ Announces Revisions to Corporate Enforcement Policies
DOJ - Data Protection - Bulk Data	<ul style="list-style-type: none"> • Prohibited Transactions: U.S. entities are banned from engaging in data brokerage with countries of concern, particularly reselling sensitive personal data or human genomic data. • Compliance Requirements: Organizations involved in restricted data transactions must meet stringent security standards, including independent audits, certifications, and extensive record-keeping obligations. • Impact on Global Operations: Companies with international operations must reassess data-sharing practices, ensure compliance with new reporting mandates, and prepare for potential regulatory scrutiny. 	Special Alert: DOJ Rule Prohibiting Access to Bulk U.S Sensitive Personal Data

Q2 2025: Regulatory Alerts



Topic	KPMG Insights	Regulatory Alerts/Articles
Data Protection - Children	<ul style="list-style-type: none"> • Personal Information: Changes in the collection, data, use and retention of children's personal information, including biometric identifiers. • Data Security and Retention: Heightened standards to show 'reasonable need' for use/retention and security based on data sensitivity. • Burden on Providers: Focus on parental consent, but also a shift of burden from parents to providers for safety/security. • States Step In: State laws and regulations can diverge from (and may expand on) federal requirements in areas such as the definition of "child", covered operators, and parental controls. 	Focus on Children's Online Privacy Protections
Evasion/ Fraud	<ul style="list-style-type: none"> • Increasing Risk: Amid tariff/trade uncertainties, growing concern for the increased risk of potential fraud and evasion. • Increasing Enforcement: Prioritization of investigations related to tariff, trade, and customs fraud and evasion—through multiple anti-fraud laws, including the False Claims Act. • Broad Application: Enforcement focus across the full import process, including third parties, suppliers, and intermediaries. • Use of Other Actions: Imposition/modification/revocation of tariffs, sanctions, visas, etc. for "enabling" tariff, trade, and customs fraud and evasion. 	Tariff, Trade, and Customs Fraud/Evasion
SEC Speaks	<ul style="list-style-type: none"> • Coming New Rules: Including in areas related to crypto assets, retail investment, and CAT. • Continuing Enforcement: Emphasizing fraud, individual liability, and retail harm. • Seeking Public Interaction: Encouraging companies to engage with staff to discuss new/innovative ideas. 	SEC Speaks: What to Watch For in 2025
Stablecoin Framework – Legislation in Process	<ul style="list-style-type: none"> • First Steps: Senate passage of the GENIUS Act is a first step toward establishing a regulatory framework for stablecoins; potential for revisions based on House review. • Regulatory Clarity: Intent of the bill is to bring regulatory clarity to the digital assets market, including consumer protections, to promote adoption and integration with the financial system. • More to Come: There is likely to be a series of crypto-related legislation forthcoming. • Broad Impacts: Widespread adoption of payment stablecoins will have wide-ranging impacts, including to banks, retailers, etc. 	GENIUS Act: Payment Stablecoin Framework – Senate Approves

Q2 2025: End of the First 100 Days



Topic	KPMG Insights	Regulatory Alerts/Articles
Deregulation	<p>From the actions of the new Administration in its first 100 days, it is readily apparent that:</p> <ul style="list-style-type: none"> • Historic regulatory process “norms” are being challenged • Abrupt changes in regulatory focus are adding to uncertainty for the government and industries • Regulatory policies are increasingly divergent 	First 100 Days: Where (De?) Regulation Goes from Here
Fraud, Financial Crime	<ul style="list-style-type: none"> • All-Time High Risks: Reported fraud at an all-time high and continued evolving risks (with use of AI, linkages to cyber risk, etc.) by potential threat actors ‘at scale’ • Shifting Investigations/Enforcement: Administration directives change enforcement focus (e.g., Foreign Corrupt Practices Act focus on cartels and transnational criminal organizations) but do not change underlying regulations/laws • Regulatory Tailoring: Anticipate agencies to continue amending/tailoring regulations (e.g., narrowing Beneficial Ownership Information reporting), applying them to a specific subset of companies (e.g., foreign-owned, largest by size) 	First 100 Days: Upcoming Regulatory Signals for Fraud and Financial Crime
M&A and Capital Formation	<ul style="list-style-type: none"> • Does Dereg Mean Deals?: A deregulatory agenda was thought to mean increased deal making and capital formation—but regulatory guardrails alone are but one piece. • National Capitalism: Heightened focus on foreign ownership and influence (and impacts to domestic industry) will weigh into the Administration’s regulatory directives. • Antitrust: Despite efforts to help streamline regulatory processes, expect a continued regulatory and legal/litigation focus on antitrust. 	First 100 Days: Upcoming Regulatory Signals for M&A and Capital Formation
Digital Assets	<ul style="list-style-type: none"> • A 180-Degree Shift?: Congress and agencies move to establish digital assets policies and related regulatory frameworks, including stablecoins, in response to what was perceived as “regulation by enforcement”. • From “Debanking” to “Mainstreaming”?: More regulatory changes to come out of concerns around “debanking” and existing regulatory guardrails, including those impacting digital asset companies. • Regulatory Hurdles Ahead: Legislation still needed to clarify agency jurisdictions over specific types of digital assets and approach to new/novel offerings and trading technologies. 	First 100 Days: Upcoming Regulatory Signals for Digital Assets

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