

# Regulatory Alert

## Regulatory Insights



February 2025

### First 100 Days: Upcoming Regulatory Signals - Financial Services

#### **KPMG Insights**

- **Leadership Shifts:** Acting leadership at financial service agencies is re-prioritizing their mission and regulatory focus, with statements supporting the Administration's policy priorities.
- **Regulatory Withdrawals:** Initial agency regulatory withdrawals have started (e.g., SEC SAB 121) with more expected swiftly.
- **Enforcement/Lawsuits Halted:** In addition to new rulemaking, incoming agency leadership is largely asking for current enforcement/lawsuit activity to 'pause'.
- **Upcoming Supervision/Enforcement:** Future supervision/enforcement likely to focus on 'core financial risk', with states/state AGs more active in consumer protections.
- **Quick Actions:** Expect rapid re-prioritized agency actions once acting leadership is in place (e.g., M&A guidance, etc.) but a much longer timeline for those requiring Congressional action.

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Amidst the flurry of actions of the new Administration, the financial services industry (inclusive of banking, capital markets, asset management, fintech and insurance) looks to track indicators of likely regulatory changes. Incoming and acting agency leadership as well as initial Executive Orders (including those on "regulatory freeze" and digital assets) provide preliminary signals for potential regulatory shifts, including in the areas of:

1. Agency Mission/Operations
2. Regulatory Focus

## 1. Agency Mission/Operations

Across agencies, current, incoming and acting agency leadership is setting parameters for regulatory activity going forward, including initial support for:

Signals	Description/Examples	Source
<b>Statutory Mandate</b>	Ensure the agency remains within its statutory mandates, including the promotion of a safe, sound, and resilient system	<a href="#">Acting FDIC Chair</a>
	“Refocus and change direction with new leadership to fulfill our statutory mandate to promote responsible innovation and fair competition in our markets that have continually evolved over the decades”	<a href="#">Acting CFTC Chair</a>
<b>Regulatory Withdrawal</b>	Implementation of Executive Order (EO) to “pause” new rulemaking, enforcements, etc. (e.g., CFPB “halt”)	<a href="#">White House</a>
	Renew the commitment to “regulatory tailoring”; Consider regulatory and supervisory “trickle-down” (i.e., where regulators may expect smaller banks to meet expectations designed for larger institutions)	FRB Governor <a href="#">here</a> and <a href="#">here</a>
	Look to a potential withdrawal of various proposals from the past three years, such as those on brokered deposits and corporate governance, and pursue adjustments to capital and liquidity rules to balance economic growth with safety and soundness, and resilience	<a href="#">Acting FDIC Chair</a>
	Consider potential changes to disclosure rules, including proxy voting, and rules related to shareholder proposals Withdrawal of regulations (e.g., SEC Staff Accounting Bulletin 121 regarding crypto assets)	<a href="#">SEC Commissioner</a> SEC <a href="#">SAB 122 Re: SAB 121</a>
<b>Financial Focus</b>	Focus on materiality as the foundation of disclosure Confirmation of focus to the fiduciary duty to funds	<a href="#">SEC Commissioner</a>
	Prioritize safety & soundness	<a href="#">FRB Governor</a>
<b>State Activity</b>	Look to re-confirm state nonbank oversight authority Re-consideration of preemption of state laws (e.g., consumer protection laws)	<a href="#">CSBS</a>
<b>Global Pullback</b>	Pullback and/or withdrawal from membership and/or participation in global regulatory groups (e.g., Network of Central Banks and Supervisors for Greening the Financial System)	<a href="#">FRB</a> <a href="#">FDIC</a> <a href="#">Treasury FIO</a>
<b>Supervision</b>	Improve the transparency of regulatory communication to allow banks to know what regulators think about the permissibility of particular activities, or what parameters and rules should apply to those activities	<a href="#">FRB Governor</a>
	Focus supervision on core financial risks over processes Reevaluate the supervisory appeals process	<a href="#">Acting FDIC Chair</a>
	Market impact analysis of GSE conservatorship under FHFA	<a href="#">Treasury/FHFA: PSPA</a>

## 2. Regulatory Focus

In addition to statements regarding agency mission and operations, current, incoming and acting agency leadership is also noting potential changes in key regulatory areas, including:

Signals	Description/Examples	Source
<b>M&amp;A</b>	Look to employ a more "nimble and predictable" approach specifically in the de novo formation and M&A	<a href="#">FRB Governor</a>
	Potential for "replacement" of the 2024 Statement of Policy Encouragement for more de novo activity for a pipeline of new entrants	<a href="#">Acting FDIC Chair</a>
<b>Crypto/digital assets</b>	Implementation of Executive Order on strengthening American leadership in digital financial technology	<a href="#">White House</a>
	Launch of a Crypto Task Force dedicated to developing "a comprehensive and clear regulatory framework for crypto assets"	<a href="#">Acting SEC Chair</a>
	Look to adopt a more flexible approach to innovation and technology, including digital assets and tokenization	<a href="#">Acting FDIC Chair</a>
<b>"De-banking" / fair access</b>	Desire for policy to address the needs of the unbanked and expand the availability of banking services	<a href="#">FRB Governor</a>
	Ensure law-abiding customers maintain access to bank accounts and services	<a href="#">Acting FDIC Chair</a>
<b>Innovation &amp; Tech</b>	Implementation of Executive Orders on leadership in digital financial technology and AI	White House <a href="#">here</a> and <a href="#">here</a>
	Look to adopt a more flexible approach to innovation and technology, including fintech partnerships	<a href="#">Acting FDIC Chair</a>
	Reliance on third parties to support key systems and tools (e.g., AI) Incidence and evolution of investment fraud	<a href="#">FINRA</a>
	Improving state/federal partnership, information sharing arrangements and examination coordination (e.g., third-party service providers, cybersecurity)	<a href="#">CSBS</a>

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