Regulatory Insights

Regulatory Recap: July 2026

Regulatory Recap: July 2026 (Financial Services)

Legend
- Rulemakings
- Guidance
- RFC/RFI
- Reports/Alerts
- Agenda
- Withdrawal/Rescission

Executive/Legislative/SCOTUS

SCOTUS*
- Ruling: Presidential Terminations of Independent Agency Leadership
- Ruling: Presidential Termination of Federal Reserve Board Member

White House*
- Announcement: Launch of "Gold Eagle" Initiative re: Cybersecurity Vulnerability

Executive Agencies

CISA*†
- Guidance: CI Fortify – Advice for Isolating Vital Systems
- Guidance: 2026 Minimum Elements for a Software Bill of Materials
- Guidance: Open Source Software: Security Principles and Practices

NIST*†
- Announcement: New Center to Drive Manufacture of Quantum Technologies

Departments

DOJ*†
- Report: Fiscal Year 2025 Annual FOIA Reports Summary (OIP)
- Announcement: Trade Fraud Task Force >$1B in Recoveries and Charged Losses
- Announcement: Resuming Targeted Second Request HSR Investigations
- Announcement: Federal and State Fraud Enforcement Partnership

DOL*†
- Proposal: Digital Disclosures Delivery for Group Health Plans

Treasury*†
- Alert: Fraud Schemes Targeting Federal Student Aid (FinCEN)
- Announcement: Sanctions Modernization and Updates to SDN List (OFAC)
- Announcement: Implementation of Federal Payment Verification Process

USPTO*
- Final: Assigning Administrative Patent Judges to Panels (PTAB)

State Activities

IL*
- Signed into Law: Artificial Intelligence Safety Measures Act

NY*
- Guidance: Auto Insurer Updated Pricing Models (NY DFS)
- Executive Order: Review of Existing Regulations and Procedures (Governor)
- Statement: Law Enforcement Insurance Fraud Training (NY DFS)

**Some items appear in both FS and cross-industry as they are relevant across all industries.*

†In accordance with multiple executive orders and the Regulatory Flexibility Act, select federal agencies and departments released their 2026 regulatory agenda.

Regulatory Agencies

Inter-agency*
- Guidance: CBLR Framework - Community Bank Compliance Guide Update (FRB, FDIC, OCC)
- Guidance: To State AGs on Petroleum, Antitrust, Consumer Protection (DOJ, FTC)
- Guidance: Lending to Individuals Not Authorized to Work in U.S. (FDIC, OCC, NCUA)
- Guidance: Foreign Cyber Threat Activity (FBI, CISA)
- Guidance: 2 Advisories - Foreign Affiliated Cyber Actors; Foreign State-Sponsored Cyber Actors
- Report: Fiscal Year 2025 Hart-Scott-Rodino Annual Report (DOJ, FTC)
- Statement: Handling Highly Sensitive Information During Bank Exams (FRB, FDIC, OCC)

CFTC*†
- Final: Margin Requirements for Uncleared Swaps
- Proposal: Conflicts and Affiliations
- Guidance: Order to Sunset Part 20 Routine Position-Reporting Requirements
- Guidance: No Action Letters re: DCM Procedures; Self-Certification of Event Contract Series
- Speech: Protecting Commodities Markets re: the Agriculture Industry (Chairman)
- Statement: State Regulations, Blockchain Technology, Crypto Assets (Chair)

FCC*†
- Proposal: Robocall Mitigation Database

FDIC†
- Proposal: Forms and Instructions for Permitted Payment Stablecoin Issuers
- Guidance: Encouraging Voluntary Information Sharing under PATRIOT Act

FFIEC
- Statement: Promoting De Novo Depository Institution Formation

FINRA
- Proposal: Modernizing Rule 2210 (Communications with the Public)
- RFC: Modernizing FINRA's Best Execution Guidance
- Report: External Review of FINRA's Enforcement Program
- Report: "Patterns in Fraud Awareness"
- Blog: "Strengthening Our Exam Program through Innovation and Transparency"

FRB†
- Proposal: Regulatory Modernization and Relief for MHCs (Regulation MM)
- Proposal: Loans to Insiders and Principal Shareholders of Member Banks (Regulation O)
- Proposal: Amendments to AML Program Requirements for Banks
- Speech: Sound Practices for Artificial Intelligence (Vice Chair)
- Speech: Responsible Innovation and Financial Inclusion (Vice Chair)
- Speech: "Will AI Broadly Raise Living Standards?" (Governor)
- Speech: Modernizing Financial Regulation (Vice Chair)

NCUA†
- Guidance: Information Sharing under the USA Patriot Act

OCC†
- Guidance: Allowances for Credit Losses – Revised Comptroller's Handbook
- Speech: OCC's One-Year Accomplishments re: Tailoring and Supervision

SEC*†
- Proposal: Regulation E-Delivery; Related Statement (Chair)
- Guidance: Registration of Municipal Advisors
- RFC: Novel Exchange-Traded Fund
- Report: Small Business Forum Report to Congress re: Capital Raising
- Report: Updated Capital Market Statistics (DERA)
- Speech: Crypto, Capital Access, IPOs, Climate Disclosures, Enforcement (Chair)
- Speech: Materiality, Regulation S-K, Shareholder Proposal System (Chair)
- Announcement: New Retail Fraud Working Group
- Statement: Crypto Vaults and Lending Strategies (Commissioner)

Regulatory Recap: July 2026 (Cross-Industry)

Legend
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Executive/Legislative/SCOTUS

OPM†
- Final: Interim Final Rule Removing UGESP Regulatory Provisions
- Proposal: Federal Worker Performance Management

OSTP
- Report: Domestic Research and Development

SCOTUS*
- Ruling: Presidential Terminations of Independent Agency Leadership

White House*
- Memo: To EPA Administrator Re: Emissions Repairs & Aftermarket Parts
- Announcement: Launch of “Gold Eagle” Initiative re: Cybersecurity Vulnerability
- EO: "Securing America’s Defense Supply Chains & Ensuring Domestic Acquisition of Critical Materials"
- Executive Action: Ratepayer Protection Pledge for Data Centers

Executive Agencies

CISA*†
- Guidance: CI Fortify – Advice for Isolating Vital Systems
- Guidance: 2026 Minimum Elements for a Software Bill of Materials
- Guidance: Open Source Software: Security Principles and Practices
- Guidance: Collaborative Program to Respond to Researcher Vulnerability Reports

EPA†
- Proposal: New Source Review (NSR) Permitting Process
- Guidance: Clarification of ARP Regulatory Provisions re: Data Centers
- Guidance: SEMA Certified Emissions (SC-E) Program; Emission Reduction Credit (ERC) Requirements
- Guidance: Service and Repair Information under Clean Air Act
- Guidance: Draft Guidance on PFOA and PFOS in Biosolids
- RFI: Alternatives to Conventional Chemical Crop Desiccation
- Announcement: Partnership with 5 Energy Companies re: Data Centers

FDA†
- Proposal: Modernizing Drug Manufacturing Registration and Listing Requirements
- Withdrawal: Revoking Authorization for Two Color Additives

NIST*†
- Announcement: New Center to Drive Manufacture of Quantum Technologies

NTIA
- Speech: "There Is No Such Thing as “Future-Proof” Technology" (Asst. Secretary)

Departments

DHS†
- Statement: Testing Railway Communications to Enhance Cyber Resilience

DOE†
- Announcements: Third and Fourth Reactor Criticality Demonstrations
- Statement: End of New Federal Wind and Solar Subsidies (Secretary)

DOJ*†
- Report: Fiscal Year 2025 Annual FOIA Reports Summary (OIP)
- Announcement: Federal and State Fraud Enforcement Partnership
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DOL*†
- Proposal: Digital Disclosures Delivery for Group Health Plans

HHS†
- Final: Government Policy for Stopping High-Risk Life Sciences Research

Treasury*†
- Announcement: Sanctions Modernization and Updates to SDN List (OFAC)
- Announcement: Implementation of Federal Payment Verification Process

USPTO*
- Final: Assigning Administrative Patent Judges to Panels (PTAB)

Regulatory Agencies

Inter-agency*
- Final: Notice of Intent Re: Enhanced 7-OH Products (DEA, FDA, HHS)
- Guidance: MOU on AI and Automation in Mining Sector (DOE, DOL)
- Guidance: To State AGs on Petroleum, Antitrust, Consumer Protection (DOJ, FTC)
- Guidance: Foreign Cyber Threat Activity (FBI, CISA)
- Guidance: 2 Advisories - Foreign Affiliated Cyber Actors; Foreign State-Sponsored Cyber Actors
- Report: Fiscal Year 2025 Hart-Scott-Rodino Annual Report (DOJ, FTC)

CFTC*†
- Speech: Protecting Commodities Markets re: the Agriculture Industry (Chairman)

FCC*†
- Final: Broadband Consumer Labels
- Final: Space Bureau Licensing Process
- Final: Component Parts, FCC ID Requirements
- Proposal: Upper C-Band Auction Proposal: Equipment Authorization and Component Parts
- Proposal: Space and Earth Station Licensing Modernization
- Proposal: Robocall Mitigation Database
- Proposal: Comprehensive Review of Universal Service Fund Administration
- Proposals: Direct-to-Device Satellite Broadband Connectivity; Broadband Consumer Label Revisions
- Proposal: Foreign-Produced Military Drones and Components
- Guidance: Two Orders & Two Rulings Supporting SLTT Drone Threats
- Announcement: Covered List Update Including Foreign-Produced Power Inverters and Robots

FERC†
- Announcement: Accelerated NEPA Reviews for Hydropower-Related Actions

FTC†
- Proposal: Policy Statement Addressing AI Accuracy
- Guidance: Warning Letters to Seven Companies on “Made in USA” Labels

NRC†
- Proposal: Reactor Licensing, Safety Oversight, and Siting Practices
- Proposal: Environmental Review Process
- Proposals: Radioactive Materials Transportation; in Medical Treatment; Dose Levels

SEC*†
- Proposal: Regulation E-Delivery; Related Statement (Chair)
- RFC: Novel Exchange-Traded Funds
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NY*
- Final: First Statewide Moratorium on New Hyperscale Data Centers
- Executive Order: Review of Existing Regulations and Procedures (Governor)

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July 2026: Financial Services Regulatory Alerts

Topic	*KPMG Insights*	*Regulatory Alerts/Articles*
Resolution Submissions	**"Substantial Revision":** Proposal to modify current IDI Rule in many respects, narrowing scope, compliance, and risk based on key modifications: — **Increased Threshold:** Raises the applicable threshold for resolution submissions from $50 billion to $100 billion in total assets – effectively reducing the number of CIDIs from 48 to 32. — **Three-Year Cycle:** Moves all CIDIs to a three-year filing cycle and eliminating the requirement for interim supplemental filings. — **Compliance Focus:** Eliminates the FDIC credibility determination and associated enforcement authorities in favor of a shift to reviews for compliance with the applicable requirements in all material respects, limiting direct engagement with CIDI staff.	Resolution Submissions: FDIC Proposal
Data Protection	— **Data Trend:** Continues a trend to integrate financial and risk data stores which would allow regulators to more easily aggregate/analyze information. — **Data Sharing:** Facilitating information sharing among FS agencies by setting common parameters for identifying and transmitting data. — **Future Rulemaking:** Will not impact regulatory reporting requirements without further action by the individual agencies to implement the standards through agency-specific rulemaking or other actions. — **Data Standardization:** Anticipate system updates, including mapping, may be needed to align with the data standards, including common identifiers, once implementing regulations are promulgated.	Joint Data Standards: Interagency Final Rule
Supervisory & Enforcement	— **"Zoom Out":** Robust lists of rulemaking actions that represent what has happened nearly as much as what to anticipate — **"Zoom In":** Rulemakings reflect key priorities of the administration, including capital requirements (e.g. banking agencies), crypto and digital assets (e.g., banking agencies, SEC, CFTC, FinCEN), market structure/access (e.g., SEC, CFTC), and mortgages (e.g., CFPB long term agenda). — **Interesting call outs:** • SEC and CFTC agendas are dominated by rule proposals that have yet to be released suggesting much change ahead • Agencies are coordinating/harmonizing efforts on many rulemakings • OCC preemption rulemakings are agenda items consistent with stated focus on protecting federal authorities • CFPB outlines an active regulatory agenda despite staffing constraints and other uncertainties • "Reconsideration" of existing rules continues	Regulatory Agendas: FRB, FDIC, OCC, CFPB, SEC, CFTC, and FinCEN
BSA/AML/CFT	— **Modernization.** Moving towards a focus on effectiveness of program design and implementation, explicitly encouraging risk-based allocation of resources toward higher-risk areas and use of proactive analytics and innovative technologies. — **Big Changes.** Potential to codify risk assessments as regulatory requirements, including consideration of AML/CFT Priorities; introduction of new notice and consultation framework for banks shifting supervisory/enforcement actions toward "significant or systemic implementation failures." — **Independent Testing.** Treasury and FinCEN suggest independent auditors of the AML/CFT programs should assess against objective criteria and not substitute their own subjective judgments for that of the financial institution. — **Potential Concerns:** 1.) Broadly defined terms, such as "significant," "systemic," and "material" may need additional clarification for consistency across financial institutions and federal regulators; differing levels of requirements pose risk of inconsistent treatment between banks and non-banks. 2.) **Updated July 2026: If finalized as proposed, the FRB's decision to not include coordination and cooperation with FinCEN on supervisory and enforcement actions will likely introduce divergent expectations for AML/CFT programs and priorities across banking organizations.	BSA/AML/CFT: FinCEN and Federal Banking Agency Reform Proposals *****Updated July 2026*****

July 2026: Cross-Industry Regulatory Alerts

Topic	KPMG Insights	Regulatory Alerts/Articles
Emerging Technology	— **America First Resilience Strategy:** A “whole-of-government approach” to build quantum capability and to strengthen cryptographic protections to defend against such capabilities by adverse actors. — **Broad Effort:** Public/Private effort to cover research, manufacturing, commercialization, and application consistent with the national cybersecurity strategy to protect national security, critical infrastructure, and the digital economy. — **Accelerated Compliance Timeline:** Directs relatively near-term deadlines including a post-quantum cryptography pilot in 2027, the fielding of next-generation quantum sensor projects by 2028, and the migration of “high value assets” and “high impact systems” (including those of covered contractors) to post-quantum cryptography standards by 2030 (key establishment) and 2031 (digital signatures). — **Compliance Considerations:** Government contractors and organizations engaged in critical infrastructure activities should watch for forthcoming guidance regarding migration to post-quantum cryptography standards as well as consider opportunities to participate in public/private partnerships/research/training.	Executive Orders: Quantum Innovation and Protections
Prediction Markets	— **Growing Markets:** “Significant increase” in the number of event contracts listed for trading on prediction markets, as well as in the diversity of events underlying such contracts. Particular interest in “gaming” contracts. — **Clarifying Scope:** Proposal seeks to clarify the scope of permissible contracts—those that are in the public interest—through many examples. However, potential for contracts ultimately found contrary to the public interest could still be listed for trading before a final determination is made. — **Jurisdictional Issues:** Ongoing federal/state jurisdictional disputes/lawsuits and state enforcement activity; potential for federal legislation. — **Future Rulemaking:** Additional rulemakings may address DCM Core Principles, the treatment of swaps and futures contracts similar to event contracts that are not listed on DCMs, or the application of the CEA and CFTC regulations to blockchain-based prediction markets.	Prediction Markets: CFTC Proposal on Public Interest Determinations
State-Level AI Legislation	— **Landmark Convergence:** The new Illinois AI Safety Act is based on New York’s recent RAISE Act and California's TFAIA; California’s law was the first state law to address potentially catastrophic risks from AI; Illinois’ law is the first to require third-party audits. — **Large Developers/Models:** Currently only a few companies and models may meet the revenue and compute thresholds, but recent trends suggest this number could rapidly increase between now and 2030; these thresholds will be subject to annual evaluation and may be revised based on technology and/or standards developments. — **Unclear Future:** Some state AI laws may be challenged/preempted under EO 14365 or the White House National Policy Framework for AI; it is unclear whether the option to defer to federal laws/guidance may alleviate some or all of this risk. — **De Facto National Standard?:** As states converge on similar legislative priorities for safe deployment of frontier AI models, the requirements could effectively establish a “de facto” national standard in lieu of federal legislation or regulations.	State AI Safety Laws: California, New York, and Illinois *****Updated August 2026*****

July 2026: Cross-Industry Regulatory Alerts

KPMG Regulatory Alert

Topic	KPMG Insights	Regulatory Alerts/Articles
Stablecoins	— **New Category of Financial Institution:** PPSIs would be treated as financial institutions under the Bank Secrecy Act (separate from money service businesses) and required to maintain effective customer identification programs; the proposed requirements are intended to be comparable to those for other financial institutions (e.g., banks, broker-dealers). — **Element of a Larger Effort:** Rules for PPSIs would align with FinCEN's AML/CFT proposals/reforms for U.S. financial institutions more broadly, emphasizing program effectiveness, risk-based assessments, and the allocation of resources to higher-risk areas. — **Primary vs. Secondary Market:** Under the proposal, CIP obligations would apply to direct relationships between a PPSI and a customer (i.e., primary market activity) but not extend to activity where the PPSI is not a party to the transaction other than via a smart contract (i.e., secondary market activity). — **Seeking Balance:** The agencies propose to balance innovation and scalability with strong AML/CFT controls for PPSIs of all sizes and relationships (e.g., standalone or bank subsidiary) to protect against regulatory gaps that could create new entry points for illicit finance.	GENIUS Act: Interagency Customer Identification Program Proposed Rule
Stablecoins	— **Ongoing Implementation:** Building on previously issued proposals to implement the GENIUS Act, the OCC continues to propose requirements for the issuance of payment stablecoins. — **Visibility:** Information collection proposals, including weekly reporting of daily data, signals intent to establish supervisory visibility of PPSIs and FPSIs with potentially substantial operational implications for reporting entities. — **"Bank-like" Reporting:** Proposed quarterly reporting would mirror bank Call Report information; OCC seeks comment on whether PPSIs and FPSIs should be required to file both the proposed reporting forms as well as the Call Report and other reporting obligations.	GENIUS Act: OCC and FDIC Proposed Reporting Forms for PPSIs
Stablecoins	— **Unified Focus:** NCUA proposal aligns with provisions in the proposed FDIC and OCC standards, including reserve requirements, capital, risk management, and custody (as appropriate), as well as the FinCEN/OFAC proposal on BSA/AML/CFT compliance, including a focus on program effectiveness and risk-based supervision. — **De Novo Terms:** NCUA states that it would expect to shorten the de novo period for an entity that has a history of operating a stablecoin business prior to the effective date of the NCUA's final rule or for a PPSI that converts to an NCUA-PPSI charter from another primary Federal payment stablecoin regulator. — **Potential for Change:** Though closely aligned with the GENIUS Act, the NCUA has posed nearly 200 questions (note the FDIC and OCC together posed nearly 350), which could generate significant input from interested parties ahead of a final rulemaking.	GENIUS Act: NCUA Proposal on Payment Stablecoin Issuance by Credit Union-Affiliated Entities
Stablecoins	The name of the game is "alignment" as New York DFS reaffirms its U.S dollar-backed payment stablecoin framework and proposes a new framework intended to: — Align with the federal regulatory framework under the GENIUS Act, including in areas of BSA/AML/CFT, sanctions compliance, certifications, and prohibited activities. — Be at the forefront of state efforts to align new and existing requirements for payment stablecoin issuers with the federal prudential regulations.	GENIUS Act: New York Payment Stablecoin Proposed Rule

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