



Ten Key Regulatory Challenges of 2026: Midyear

Balancing the Regulatory Stack



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“On behalf of KPMG Regulatory Insights, I am pleased to share our 2026 Midyear Update to the Ten Key Regulatory Challenges.

2026 is shaping up as a year of sharper focus and wider fragmentation: federal regulators are narrowing in on core priorities and material risk, even as state and global jurisdictions move in different directions. The implications are clear: managing the regulatory stack is now a strategic operating imperative.”



Laura Byerly
Managing Director
KPMG Regulatory Insights

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Ten Key Regulatory Challenges of 2026: Midyear

At midyear, the regulatory landscape continues to reflect a dynamic interplay between technological innovation and evolving supervisory priorities.

Key Takeaways:

- 1 Regulatory complexity persists—and in many cases intensifies—as divergence grows across federal, state, and global jurisdictions.
- 2 Across agencies, supervision and enforcement is moving toward a more targeted approach, and in some areas a “lighter touch.”
- 3 The pace of regulatory change remains elevated driven in part by continued modernization of rules and guidance.

In the pages that follow, we revisit our original outlook in light of developments observed across the first half of 2026, highlighting where regulatory momentum is accelerating, where priorities are shifting, and what to watch for the remainder of 2026.

The core challenge remains unchanged...

...balancing the regulatory stack.

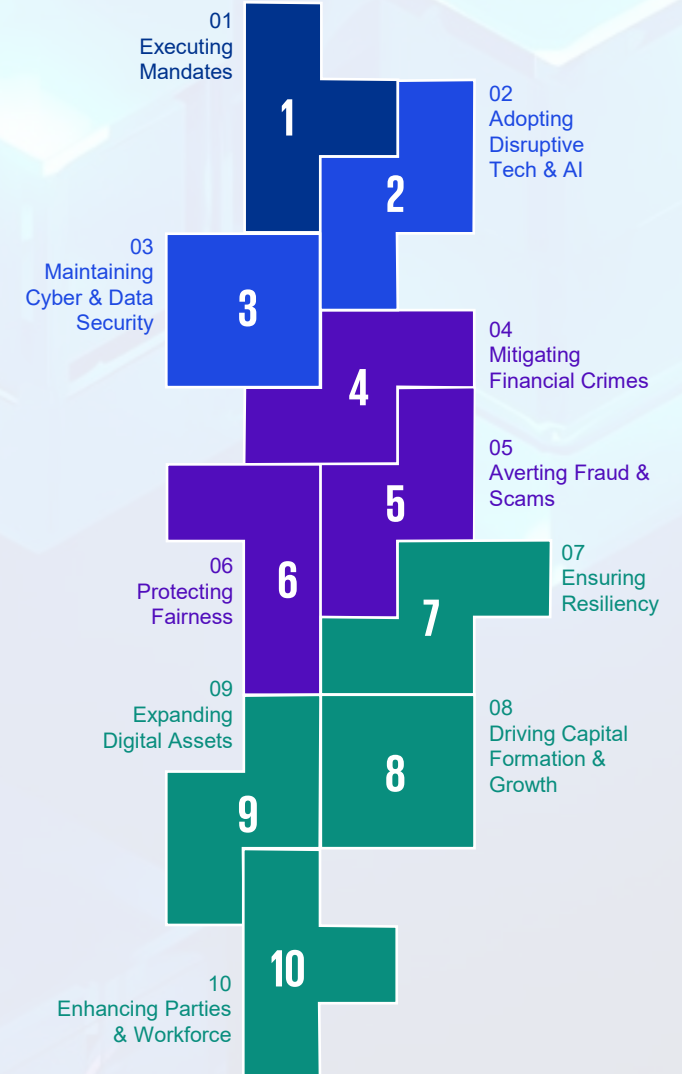


Regulatory Mandates

Tech & Data

Consumer & Investor Protection

Risk & Governance





01 Executing Mandates



Insights

- Supervisory and enforcement focus of federal agencies remains directed at core statutory authorities; material risks and actual harm; tailoring rules to size, scale, and risk profile.
- Regulators continue to exercise a “lighter touch” regarding supervision and enforcement while incentivizing companies to identify, mitigate, remediate, and self-report misconduct.
- Continued divergence across federal, state and global laws/reg; state laws fill perceived federal gaps; federal preemption possible in some instances.

What Happened

Core Mission

- ✓ Bank tailoring (e.g., OCC heightened standards proposal, OCC community banking rules, interagency capital proposals, FDIC indexing of thresholds)
- ✓ Banking rules on “reputation risk,” “unsafe and unsound,” and material financial risk
- ✓ NCUA Deregulation Project (multiple proposals)
- ✓ FFIEC proposal to revise CAMELS rating system
- ✓ SEC/CFTC statements re: core mission and enforcement priorities
- ✓ SEC proposed rescission of climate disclosure rule

“Self-Regulation”

- ✓ DOJ Corporate Enforcement and Voluntary Self-Disclosure Policy (expansion to all criminal matters)
- ✓ FinCEN proposal on whistleblower incentives and protections
- ✓ OFAC launch of voluntary self-disclosure portal
- ✓ SEC proposal to permit optional semiannual reporting
- ✓ CFTC advisory on cooperation (voluntary self-reporting, remediation)

Regulatory Divergence

- ✓ Proposed U.S. Basel III capital requirements
- ✓ State activity, including AI Safety laws (CA & NY); data center licensing (for and against); climate/sustainability
- ✓ National Policy Framework for AI

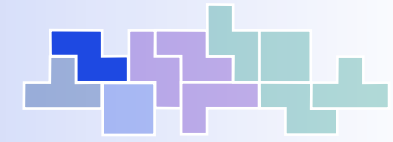
What to Watch

- Ongoing tailoring of regulations (e.g., liquidity rules, market structure, digital assets, CRA for community banks)
- Continued regulatory coordination/harmonization on regulatory requirements (e.g., SEC/CFTC, reference to NIST guidance as base requirement)/enforcement efforts)
- Rule rescissions/withdrawals
- Use of guidance and frameworks rather than notice and comment
- Continued focus on safety & soundness apart from tailoring
- Expansion of regulatory expectations for timely self-reporting and cooperation to additional federal and state authorities
- Market-driven pressures on organizations to maintain compliance and risk programs
- Long-standing regulations still apply despite a shifting regulatory landscape
- SEC final rule to permit optional semiannual reporting
- Potential modernization of international laws and regulations
- Rapid growth in regulatory divergence across jurisdictions in areas of risk including consumer protection, data protection, energy, and AI
- Federal preemption of state laws (e.g., AI)





02 Adopting Disruptive Tech & AI



Insights

- Federal regulators are working to adapt and/or revise guidance to define and incorporate AI models.
- Continued push for AI innovation, infrastructure, and security at the national level; efforts to promote private sector participation continue.
- Continued speculation for federal preemption and/or convergence of federal and state laws/regulations.

What Happened

Model Risk Management

- ✓ Revised bank interagency guidance on MRM (e.g., FRB SR 26-2)
- ✓ Treasury/CRI FS AI Risk Management Framework
- ✓ NIST Guidance on AI Agent Standards Initiative
- ✓ NIST Cybersecurity Framework Profile for AI
- ✓ NIST/CAISI updated agreements to conduct pre-deployment reviews of AI frontier models

Complexity & Divergence

- ✓ White House National Policy Framework for AI, DOJ AI Litigation Task Force (to challenge state laws)
- ✓ Ongoing state activity (more than 2,200 bills introduced through April 2026)*

Public-Private Partnership

- ✓ White House Ratepayer Protection Pledge (developers agree to cover full cost of energy needs)
- ✓ National Policy Framework (promoting sandboxes, industry-led standards, access to federal datasets)
- ✓ Accelerated licensing - NRC proposal for microreactors; state/local activity to incentivize data center build
- ✓ DOL AI Literacy Framework; plan for Workforce Hub

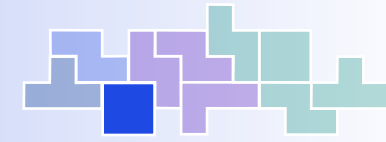
What to Watch

- Industry-specific RFIs and rulemakings on AI models, including GenAI and agentic AI
- Additional regulatory/supervisory measures (e.g., new approaches for AI that is not a model); enhancements to non-model risk frameworks to address transverse risks (cybersecurity, operational risks) related to GenAI; executive order re: formal government reviews
- Focus on explainability, data lineage, and controls where AI and advanced analytics are used in risk management
- Heightened attention to TPRM based on increasing numbers of bank/fintech relationships
- Federal legislation to implement the national policy framework and other new laws and regulations, as appropriate
- Revision and/or rescission of federal rules identified as inhibiting AI innovation, infrastructure
- Action to preempt state laws identified as inconsistent with the national policy
- Continued introduction of laws/regulations across all 50 states; exceptions to preemption in child safety, state procurement, zoning laws/data centers
- Changes to regulatory processes, including supervision, sandboxes, and updates to industry-identified rules viewed as inhibiting AI innovation
- Ongoing efforts to streamline permitting and other incentives for data center and energy infrastructure at federal/state levels; potential limitations from select state/local pushback (e.g., moratoriums on new build)
- Final rule on special purpose Federal Reserve accounts for fintech firms (e.g., “skinny master account”)

*Source: CAID U.S. State AI Policy Tracker, NCSL



03 Maintaining Cyber & Data Security



Insights

- Federal regulators are advancing cybersecurity resilience through coordination efforts while state and local authorities are driving an expanded but more fragmented policy landscape tied to critical infrastructure and digital services.
- New guidance and adaptive frameworks signal an effort to secure data, software, and cloud ecosystems – balancing innovation, national security, and evolving privacy risks.

What Happened

Federal Rationalization

- ✓ White House Cyber Strategy
- ✓ EO 14390 re: cybercrime, fraud, and predatory schemes
- ✓ CISA Enhanced Cross-Sector Cybersecurity Performance Goals
- ✓ CISA 2015 reauthorization to Sept 30, 2026
- ✓ Formation of industry coalitions to drive coordinated action

State Complexity & Divergence

- ✓ Enacted legislation and bills addressing:
 - ✓ Leadership and governance
 - ✓ Baseline controls
 - ✓ Reporting
 - ✓ Preparedness and response
 - ✓ Expertise/training
 - ✓ Safe harbors

Data Privacy

- ✓ CISA Guidance on Adapting Zero Trust Principles to Operational Technology
- ✓ CISA/NIST Draft Guidance on Protecting Tokens and Assertions
- ✓ FTC Policy Statement on Age Verification Technologies under COPPA
- ✓ FCC conditional approval of routers
- ✓ DOC proposal for industry-led consortia for full-stack AI exports
- ✓ State privacy activity (e.g., AL App Store Accountability Act, CA CCPA enforcement)

Adaptive Frameworks

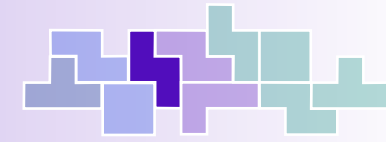
- ✓ CISA/FBI Principles to Combat Cyber Risks in Operational Technology
- ✓ Treasury/CRI FS AI Risk Management Framework
- ✓ NIST Secure AI Agent Systems (RFI)
- ✓ NIST Cybersecurity Framework for AI to manage AI-specific risks

What to Watch

- Longer-term reauthorization of CISA 2015 and funding for CISA
- Execution of action items in EOs 14390, 14239 (e.g., states' roles, disruption of malicious actors, updates to national policies (resiliency, infrastructure))
- Rulemaking updates (e.g., CISA cyber incident reporting)
- Shift to innovation, actions, information sharing, common guidance over regulation
- Adoption of the CRI Financial Services Cyber Security Profile, Maturity Model
- Continuing legislative/ regulatory activity at state/local level; focus to include consumer protections threat detection, reporting, risk assessment, TPRM, and privacy
- Increasing fragmentation including federal-state and state-state divergence
- Skills-based workforce constraints
- Rulemaking or policy guidance to clarify federal vs. state cybersecurity roles
- Reconsideration of CFPB Personal Financial Data Rights Rule (Section 1033)
- Rulemakings related to cross-border data sharing/technology sales
- Increasing compliance challenges, federal-state-global (e.g., India DPDPA, EU-US DPF)
- Strengthened protections for children's data (e.g., verifiable parental consent, unsolicited direct messaging) with expanded age thresholds (e.g., ages 13-17) and verification systems
- Enhanced approaches to cybersecurity and data protection, including:
 - Prioritization of data governance
 - Governance frameworks designed to be scalable, integrated across the business, informed by lessons learned, and supported by workforce training and development
 - Application of new tools
 - More stringent regulatory requirements with penalties for noncompliance (e.g., federal, state, global)



04 Mitigating Financial Crimes



Insights

- Ongoing “modernization” of BSA/AML/CFT supervision/enforcement, focusing on a risk-based approach, “higher risk” activities, innovation, and national security (e.g., terrorist financing, cybercrime, fraud, sanctions evasion, and human and drug trafficking) in line with the administration’s priorities.
- Recognizing increasing sophistication of sanctions evasion, continued use of, and changes to, sanctions and secondary sanctions (e.g., “shadow fleets”, “sham transactions”).

What Happened

“Modernization”

- ✓ AML/CFT proposals:
 - ✓ FinCEN proposed rule on AML/CFT Programs
 - ✓ FDIC, NCUA, OCC proposed rule on AML/CFT Programs (aligned with FinCEN proposal)
 - ✓ FinCEN and OFAC proposal implementing AML/CFT provisions of GENIUS Act
- ✓ FinCEN proposed whistleblower incentives and protections re: BSA and sanctions
- ✓ EO 14406 re: CDD/KYC and “non-work authorized” populations

Recalibration

- ✓ White House 2026 Counterterrorism Strategy
- ✓ FinCEN Actions:
 - ✓ Expanded southwest border GTO
 - ✓ Exemptive relief for CDD requirements
 - ✓ Proposed designations of primary money laundering concerns for those supporting sanctioned entities
 - ✓ Convening of public-private partnership to dismantle money laundering networks

Sanctions

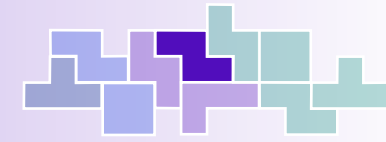
- ✓ EO 14404 re: sanctions for threats to U.S. national security and foreign policy
- ✓ FinCEN alert on front companies and shadow banking
- ✓ OFAC example activity:
 - ✓ Theft/sale of cyber tools to steal US trade secrets
 - ✓ Advisory on evasion/sham transactions
 - ✓ Designations/removals of sanctions for counter-terrorism, counter narcotics, non-proliferation, cyber

What to Watch

- Enhanced role for FinCEN in supervision and enforcement; shift to significant/systemic implementation failures
- Final rulemakings, including AML/CFT programs (e.g., risk-based programs, GENIUS Act) and whistleblower awards
- Focus on explainability, data lineage, and controls where advanced analytics and GenAI are utilized (e.g., KYC, transaction monitoring, sanctions reviews) and RegTech
- Rise in de novo bank charters may pose heightened BSA/AML risk, demands new oversight models
- Adoption of innovative processes such as AI, blockchain analytics, digital identity, and APIs into the AML framework via legislation and/or regulatory “reforms”
- Continuing Congressional interest in/efforts to support increases in the SAR and CTR dollar thresholds
- Focus on national security, highest risk areas, program effectiveness
- Potential increased risk in “lower risk” (i.e., lower priority) areas
- Ongoing and prominent use of sanctions (e.g., imposition, expansion, rescission) to reinforce national security and foreign policy goals, including global economic trade
- Continuation of existing sanctions programs (e.g., SDN list, foreign sanctions evaders, secondary sanctions including “gatekeepers”, country- and sector-specific sanctions)
- Increased responsibility to identify illicit activity/sanctions evasion to shift to financial institutions as regulators focus on stated priorities (e.g., DOJ)



05 Averting Fraud and Scams



Insights

- Speed, scale, and complexity of frauds and scams continue at an accelerated pace, reaching historic levels of volume, variety, and cost; directly attributable to AI used by fraudsters.
- Fraud and scams exacerbated in part by digital assets, open banking, tech innovation, and M&A activities.
- Investigation/enforcement priorities guided by executive directives related to healthcare, procurement; trade, tariffs, and customs; sanctions; cartels and TCOs, and vulnerable persons.

What Happened

"Fast & Furious"

- ✓ Escalation of TCO activity to national security (EO 14390, re: cybercrime, fraud, and predatory schemes)
- ✓ DOJ enforcement of international scam centers (consistent with EO 14390, through Scam Center Strike Force)
- ✓ FCC proposal to combat robocalls with KYC rules
- ✓ Nacha Rule Amendments on fraud monitoring and credit monitoring for ACH Payments

Reprioritizing Enforcement

- ✓ EO 14395 re: task force to eliminate fraud in the Executive Office of the President
- ✓ Creation of DOJ National Fraud Enforcement Division
- ✓ DOJ Corporate Enforcement Policy for Criminal Matters
- ✓ DOJ/DHS coordination on Trade Task Force focusing on tariff evasion, trafficking
- ✓ Treasury/FinCEN enforcement actions regarding broker-dealer securities fraud

Trends

- ✓ Formation of targeted task forces (Trade (DOJ), Healthcare (FTC), Scam Center Strike Force (DOJ, Treasury, DOC – for cryptocurrency))
- ✓ Protections for vulnerable groups (e.g., FINRA proposed rule revisions to enhance investor protections against fraud and financial exploitation)
- ✓ Data aggregation reporting (e.g., FTC Data Spotlight, Annual FBI IC3)

What to Watch

- Heightened regulatory attention to the effectiveness of fraud risk management programs, including TPRM, data sharing, and complaints analysis, to monitor, detect, and mitigate threat actors as well as keep pace with evolving threats
- Increasing variety of fraud/scam categories reported
- Enhanced guidance and resources for banks for consumer fraud protection
- Broader stakeholder engagement to advance innovative fraud solutions
- Broad application of the FCA, including areas such as trade, employment verification, and civil rights
- Continued FCA enforcement in priority areas (e.g., healthcare; government contracts/programs; trade, tariff, and customs)
- Focus on retail investor protections, including misuse of technology to commit fraud and false or misleading statements about the use of technology (e.g., SEC)
- Development of anti-scam tools (through online platforms)
- The sophistication and variety of frauds and scams will evolve more quickly than regulatory frameworks
- New frauds and scams will continue to develop around digital assets (e.g., false products, exchanges, websites, apps) as they gain broader market presence and expanded retail use
- Increased usage of payment stablecoins for cross-border payments and anonymity of DLT will attract fraudsters
- Continued and enhanced data aggregation reporting





06 Protecting Fairness



Insights

- Fairness laws continue in force with ongoing attention to disclosure clarity and accuracy; access to products, services, and opportunities; and protections against biased/unfair model outcomes; supervision and enforcement shift toward clear intent to “victimize” consumers/investors and evidence of actual harm.
- State AI focus on anti-bias/fair lending and UDAP type consumer protections, including children’s protections; some “safety laws” may be subject to federal legal challenge.

What Happened

Fair Access

- ✓ DOL proposal to “democratize” access to alternative investments in 401k plans
- ✓ HHS guidance on path to lower-cost consumer prescription drug programs
- ✓ CFPB final rules on ECOA/Reg B (1071, disparate impact, discouragement)
- ✓ EOs 14393, 14394 (access to mortgage credit; affordable home construction)

Fairness in Focus

- ✓ FTC UDAP proposal on rental housing and fee practices
- ✓ FTC warning letters re: “debanking”
- ✓ DOL proposal on disclosure of PBM fees and compensation
- ✓ FDA warning against misleading marketing claims
- ✓ FDIC/OCC prohibition on reputation risk

AI Influence

- ✓ Treasury AI Lexicon and FS Risk Management Framework
- ✓ State AI safety laws (e.g., CA, NY)

Direct Harm

- ✓ Agency enforcement priorities (e.g., CFTC, DOL, SEC)
- ✓ Multistate collaboration on enforcement actions relating to consumer protection violations
- ✓ CFPB final rule on ECOA/Reg B (e.g., violations for intended discrimination, actual denial or credit)

What to Watch

- In FS, ongoing supervision and enforcement activity directed toward “debanking” and “suitability”
- Changing approach to/interpretation of “disparate impact” (certain federal and state rules, exclusive of ECOA) with continued focus on “disparate treatment”
- Expanded investor access to alternative assets, including digital assets and illiquid assets

- Supervisory focus on representations and disclosures in consumer/investor-facing materials
- Expectation that recommendations provided to retail investors are fair, unbiased, and aligned with the customer’s risk profile and best interest
- Continued enforcement activity focused on areas such as fraud, employment law, consumer/investor protection

- Legal challenges of certain state AI laws based on White House AI Action Plan and associated potential federal preemption
- Continued introduction of state AI laws directed to consumer and child protections (consistent with White House AI Action Plan carve out)
- Forthcoming legislation/regulation to incorporate requirements for transparency, accountability, and bias mitigation

- Supervisory/enforcement shift away from subjective “probable harm” to “actual harm” across a wider range of financial products and services with expectations to prove the harm





07 Ensuring Resiliency



Insights

- Continuing focus on organizations' planning/preparedness to withstand or recover from significant market stresses and disruptions to critical infrastructure/services.
- Forward movement to increase transparency, explainability, and accountability; tailor regulations to institution size and risk profile; and reduce overlapping requirements.
- Increasing scrutiny on cyber- and technology-related risks including - AI governance, third-party concentration and cloud dependency - may demand new frameworks.

What Happened

Business Continuity & Resiliency Planning

- ✓ FERC final rules on Reliability Safeguards for American Power Grid
- ✓ CISA "CI Fortify" Initiative (re: critical infrastructure)
- ✓ FSOC proposed interpretive guidance for designating nonbanks for supervision
- ✓ FDIC capabilities testing to populate info in a VDR
- ✓ Easing of large bank expectations:
 - ✓ OCC proposed heightened standards threshold
 - ✓ OCC rescission of recovery planning guidelines
 - ✓ FDIC intent to amend IDI Resolution Planning Rule

Technology Interconnectedness

- ✓ CISA/FBI principles to combat Cyber Risks in OT
- ✓ Treasury guidance on AI risk management in the financial sector
- ✓ Proposed Basel III operational risk requirements including information systems considerations
- ✓ OCC Spring 2026 Semiannual Risk Perspective
- ✓ FRB May 2026 Financial Stability Report
- ✓ CISA 2025 Year in Review Report

Capital & Liquidity

- ✓ Final rules (CBLR, eSLR)
- ✓ Basel III bank capital proposals (ERBA, SA, GSIB)
- ✓ Publication of 2026 stress test scenarios for comment; FRB decision to maintain current stress test capital buffer requirements until 2027
- ✓ Indexing of thresholds (FDIC, Basel III proposals, OCC)
- ✓ FRB, Treasury speeches on intent to reform liquidity framework
- ✓ FRB proposal on Reserve Bank special purpose payment account

What to Watch

- FDIC proposal to codify its 2025 FAQs on Resolution Planning into its IDI Rule and other changes
- FRB to issue additional supervisory manuals on recovery and resolution planning
- Evolving/expanding regulatory expectations re: operational resilience risk management practices
- Continued interagency collaboration on operational resilience
- Expanding federal and state regulatory activity around data center policies (e.g., zoning, water usage, energy)

- Continued interagency coordination on operational resilience and cybersecurity supervision for large entities
- Prioritization of operational risk, controls, and resiliency in supervision and examinations
- FRB/OCC bank guidance on crypto-permissible activities
- Reforms to IT examinations
- New expectations for cyber and ICT risk management, incident reporting, and TPRM and cloud/AI concentration risk

- Final bank capital rules (Basel III)
- Final rules on stress testing (e.g., stress capital buffer, capital plan, scenario design policy)
- Changes to the liquidity framework (e.g., NSFR, LCR, stress testing); the role of the discount window (e.g., "stigma", FHLBs); access to FRB Master Accounts
- Final payment stablecoin regulations implementing the GENIUS Act (due July 2026) including requirements for capital, liquidity, reserve assets and governance



08 Driving Capital Formation & Growth



Insights

- Focus on capital growth initiatives including rising private credit, the role of nonbank finance, renewed interest in public market access, and a push for broader retail participation.
- “Open-mindedness” to innovation and market changes reflected in new charters and faster approvals along with attention to anti-competitive impacts and consumer protections.

What Happened

Private Credit

- ✓ CFPB final Reg B amendments - small business lending (1071), disparate-impact liability
- ✓ Risk reports on NDFI lending (e.g., FDIC, OCC, FSOC)
- ✓ SEC/CFTC proposal on Form PF private credit reporting

IPO Revitalization

- ✓ SEC speeches / testimony on revitalizing the IPO pipeline (disclosure, governance, scaling, “on-ramp”)
- ✓ SEC proposal on optional semiannual reporting
- ✓ Exchange proposals to amend listing standards (e.g., NYSE, Nasdaq)
- ✓ SEC proposal on registered offering reforms

Retail Access & Protections

- ✓ DOL proposal to facilitate retail access to alternative assets/private markets through ERISA plans
- ✓ SEC speeches reiterating interest in expanding retail investor access
- ✓ EO 14403, re: promoting access to retirement savings accounts for American workers

Bank Formation

- ✓ OCC approval of de novo charters (trust, commercial banks) – “key priority”
- ✓ FDIC approvals of deposit insurance for ILC charters
- ✓ FDIC pilot to prequalify nonbank bidders; rescission of policy limiting nonbank acquisitions
- ✓ FRB RFI on special purpose payment account (“skinny master”)

Mergers & Acquisitions

- ✓ DOJ Antitrust Division speeches, successes (whistleblower, collusion strike force)
- ✓ DOJ/FTC RFI on HSR pre-merger notification
- ✓ FTC Healthcare Task Force
- ✓ Federal/state actions across industries (e.g., tech, healthcare, broadcasting)

What to Watch

- Continuation of heightened attention to NDFIs, targeted data collection
- SEC/CFTC final Form PF
- Basel III capital rules, as proposed, to increase traditional bank credit activity
- Insurance industry exposure to private credit markets
- Regulation S-K reforms to stress material disclosure
- “Modernization” of rules for shareholder proposals, shelf registration, emerging growth companies
- Legislation to encourage capital formation
- Rulemaking/guidance to expand retail access to private markets
- Regulatory/legislative efforts to amend accredited investor qualifications
- Availability of more product offerings that give indirect exposure to private funds
- Use of novel charters to meet strategic objectives (e.g., managing cost of funds, offering new product lines)
- Rework of ILC framework
- New types of Federal Reserve payment accounts
- Market shifts based on forthcoming payment stablecoin regulations
- Increased deal-making driven by tech/talent, economic factors, regulatory environment, and capital allocation
- Formation of sector-specific multi-agency task forces to address competition and consumer protection
- Increased individual and coordinated state enforcement activity; potential for dual-track system of review

09 Expanding Digital Assets



Insights

- Accelerating and widespread actions to structure markets and develop regulatory frameworks to facilitate and expand digital and other alternative assets.
- Recognition of a broad spectrum of risks, including market, capital, operational, fraud, and BSA/AML/CFT.
- Active support for licensing/chartering of novel/innovative business models and expanded consumer/investor access and market participation.

What Happened

Frameworks

- ✓ Proposed rules to implement payment stablecoin under the GENIUS Act (FDIC, OCC, NCUA, FinCEN, Treasury)
- ✓ Congressional hearings on market structure legislation (e.g., CLARITY Act)
- ✓ SEC/CFTC MOU and Harmonization Initiative to coordinate and clarify jurisdictional authorities for digital assets (e.g., guidance clarifying application of federal securities laws, digital assets taxonomy)

Risk Considerations

- ✓ Proposed prudential requirements implementing the GENIUS Act (FDIC, OCC, NCUA), including principles-based risk management standards, internal audit, reserve composition, capital and custody management
- ✓ FinCEN/OFAC proposed application of AML/CFT and sanctions compliance programs

Licensing/Chartering

- ✓ OCC approval of de novo and conversion bank charters – primarily trust bank charters from digital asset firms
- ✓ FDIC approval of deposit insurance for ILC charters
- ✓ FRB approval of a limited purpose charter and additional consideration of a special purpose payment account (i.e., “skinny master account”); related EO 14405

Access

- ✓ DOL proposal on advisers’ fiduciary duties selecting alternative assets for ERISA plans
- ✓ Focus on tokenization (e.g., SEC roundtable, FRB speech; congressional hearings)

What to Watch

- Final payment stablecoin regulations implementing the GENIUS Act (due July 2026)
- Market structure legislation to establish a regulatory framework for digital assets
- Ongoing activities of joint SEC/CFTC Project Crypto
- Continued use of interpretive, exemptive, and other authorities to promote innovation in novel areas
- Final rules/frameworks implementing the GENIUS Act
- Market structure legislation covering monitoring, reporting, conflicts of interest, and custody
- Amendments to SEC’s Custody Rule
- SEC crypto asset regulatory framework
- Proliferation of new charters to meet strategic objectives (e.g., managing cost of funds, offering new product lines) including for payment stablecoin issuers, trust bank/custodians
- Reshaping of traditional banking based on integration of digital assets (e.g., impacts to deposits, payment processes, lending activity, fee income)
- Legislation and/or SEC rulemaking to amend definitions for accredited investor and qualified purchaser
- Expanded markets for tokenized assets
- Expanded investment options to include digital assets in retirement savings accounts (e.g., EO 14403)



10 Enhancing Parties & Workforce



Insights

- Continued focus on full third-party lifecycle, including fourth parties, “gatekeepers” and beyond, due to increasing reliance and expansion of third-party managed services.
- Government and corporate reductions in force must be balanced with need for experienced, knowledgeable practitioners, especially in technology, cybersecurity, and digital assets; push for workforce development, security, and well-being.

What Happened

Third-Party Risk Management

- ✓ DOL proposal on advisers’ fiduciary duties selecting alternative assets for ERISA plans
- ✓ FINRA RFI for member third-party vendors and banks
- ✓ FRB Financial Stability Report re: cyber

Concentration Risk

- ✓ FRB proposal to permit intermediaries to transfer funds through FedNow
- ✓ DOL proposal on PBM fee and compensation disclosure
- ✓ CFTC guidance on no-action position for CPO delegation arrangements

Dynamic Workforce

- ✓ DOL final rule delaying merit staffing, OPM proposal revising reduction-in-force regulations
- ✓ DOL guidance on state plans for education/workforce development; joint program with ED
- ✓ DOL initiatives for AI literacy training, apprenticeships

Protecting Workers

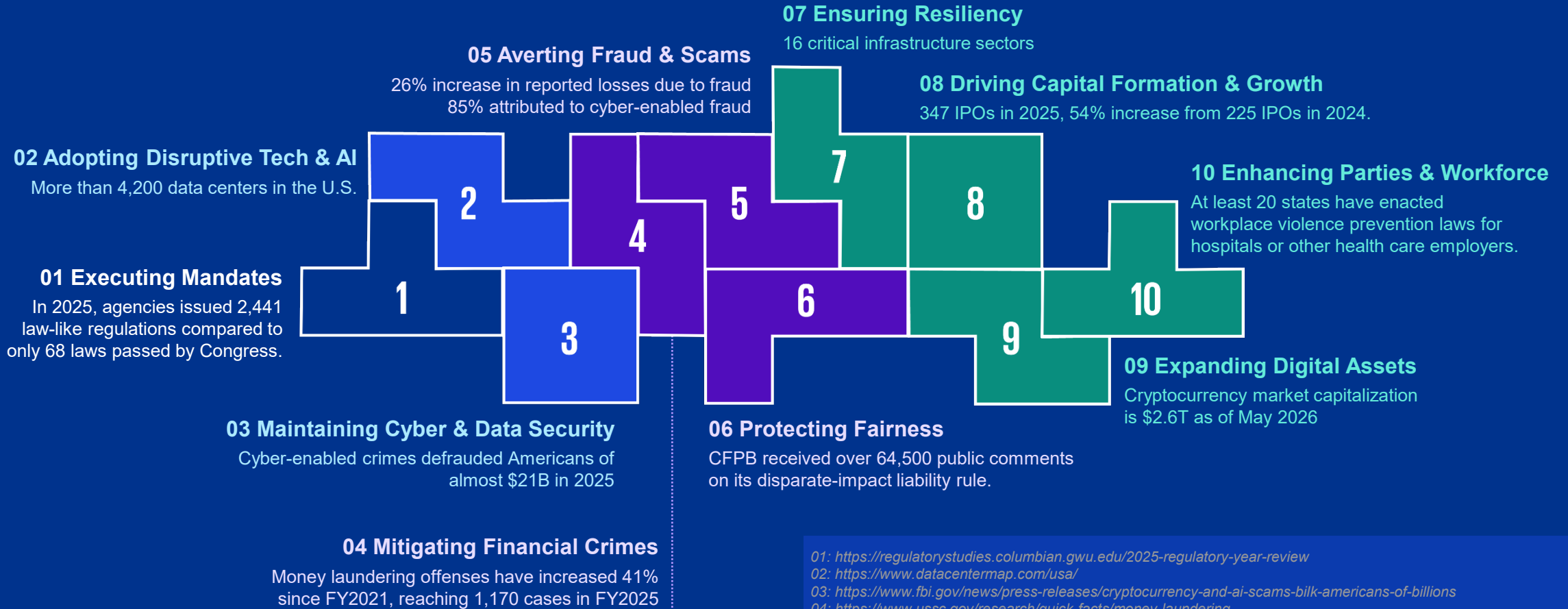
- ✓ FTC enforcement focus on noncompete agreements (strategic plan 2026-2030)
- ✓ DOL proposal on employee and independent contractor status
- ✓ DOL proposal on joint employer status
- ✓ DOL updated guidance on NEP for heat-related hazards
- ✓ State laws requiring workplace violence reports (e.g., UT, VA)

What to Watch

- Ripple effects from geopolitical events (e.g., tariffs, sanctions, laws/regulations and conflicts) requiring visibility into third-party/vendor chains
- Demands for a comprehensive and proactive approach to third parties, integrated across the enterprise, and potentially folded into enterprise risk management; consider PQC readiness
- Enforcement priorities on third-party liability, including data privacy/data collection, consumer protection and due diligence
- Increased interconnectedness between organizations and dependency on third parties due to limited numbers of service providers in certain spaces such as AI and cloud services
- Risk concentrations among smaller firms that must rely on third parties to build/provide technology platforms
- Increasing ecosystem of AI-native providers disrupting traditional enterprise third-party providers
- Continued shift of workforce from federal agencies to state agencies
- Industry investment in continuous learning, shift towards skills-based hiring, especially related to technology, including AI (consistent with the AI Action Plan and National Policy Framework)
- Continued state activity to introduce workplace safety legislation; focus on public health and emerging safety risks (e.g., psychological safety, workplace violence prevention, heat hazard protections)
- Enforcement through data-driven inspection programs
- Focus on deceptive, unfair and anticompetitive labor-market practices (e.g., no-hire agreements, noncompete agreements); potential for legal challenge



Did You Know?



01: <https://regulatorystudies.columbian.gwu.edu/2025-regulatory-year-review>
02: <https://www.datacentermap.com/usa/>
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List of Acronyms

ACH	Automated Clearing House
AI	Artificial Intelligence
AML	Anti-Money Laundering
API	Application Programming Interfaces
BSA	Bank Secrecy Act
CAISI	Center for AI Standards and Innovation
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk
CBLR	Community Bank Leverage Ratio
CCPA	California Consumer Privacy Act
CDD	Customer Due Diligence
CFPB	Consumer Financial Protection Bureau
CFT	Combating the Financing of Terrorism
CFTC	Commodity Futures Trading Commission
CI	Critical Infrastructure
CISA	Cybersecurity and Infrastructure Security Agency
CISA 2015	Cybersecurity Information Sharing Act of 2015

CLARITY	Creating Legal Accountability for Regulators in the Treatment of Your Assets
COPPA	Children's Online Privacy Protection Act
CPO	Commodity Pool Operator
CRA	Community Reinvestment Act
CRI	Cyber Risk Institute
CTR	Currency Transaction Report
DHS	Department of Homeland Security
DLT	Distributed Ledger Technology
DOC	Department of Commerce
DOJ	Department of Justice
DOL	Department of Labor
DPDPA	Digital Personal Data Protection Act
DPF	Data Privacy Framework
ECOA	Equal Credit Opportunity Act
ED	Department of Education
EO	Executive Order

ERBA	Expanded Risk-Based Approach
ERISA	Employee Retirement Income Security Act
eSLR	Enhanced Supplementary Leverage Ratio
EU	European Union
FAQ	Frequently Asked Question
FBI	Federal Bureau of Investigation
FCA	False Claims Act
FCC	Federal Communications Commission
FDA	Food and Drug Administration
FDIC	Federal Deposit Insurance Corporation
FERC	Federal Energy Regulatory Commission
FFIEC	Federal Financial Institutions Examination Council
FHLB	Federal Home Loan Bank
FinCEN	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority
FRB	Federal Reserve Board

List of Acronyms (continued)

FS	Financial Services	KYC	Know Your Customer	OT	Operational Technology
FSOC	Financial Stability Oversight Council	LCR	Liquidity Coverage Ratio	PBM	Pharmacy Benefit Manager
FTC	Federal Trade Commission	M&A	Mergers and Acquisitions	PQC	Post-Quantum Cryptography
GenAI	Generative Artificial Intelligence	MOU	Memorandum of Understanding	Reg B	Regulation B
GENIUS	Guiding and Establishing National Innovation for US Stablecoins	MRM	Model Risk Management	RFI	Request for Information
GSIB	Global Systemically Important Banks	NCUA	National Credit Union Administration	RFC	Request for Comment
GTO	Geographic Targeting Order	NDFI	Non-Depository Financial Institution	SA	Standardized Approach
HHS	Health and Human Services	NEP	National Emphasis Program	SAR	Suspicious Activity Report
HSR	Hart-Scott-Rodino	NIST	National Institute of Standards and Technology	SDN	Specially Designated Nationals
IC3	Internet Crime Complaint Center	NRC	Nuclear Regulatory Commission	SEC	Securities and Exchange Commission
ICT	Information and Communications Technology	NSFR	Net Stable Funding Ratio	SR	Supervision and Regulation Letters
IDI	Insured Depository Institution	NYSE	New York Stock Exchange	TCO	Transnational Criminal Organizations
ILC	Industrial Loan Company	OCC	Office of the Comptroller of the Currency	TPRM	Third-Party Risk Management
IPO	Initial Public Offering	OFAC	Office of Foreign Assets Control	UDAP	Unfair or Deceptive Acts or Practices
IT	Information Technology	OPM	Office of Personnel Management	VDR	Virtual Data Room

List of Executive Orders

- EO 14239 Achieving Efficiency Through State and Local Preparedness
- EO 14390 Combating Cybercrime, Fraud, and Predatory Schemes Against American Citizens
- EO 14393 Promoting Access to Mortgage Credit
- EO 14394 Removing Regulatory Barriers to Affordable Home Construction
- EO 14395 Establishing the Task Force To Eliminate Fraud
- EO 14403 Promoting Retirement-Savings Access for American Workers by Establishing [TrumpIRA.gov](https://www.TrumpIRA.gov)
- EO 14404 Imposing Sanctions on Those Responsible for Repression in Cuba and for Threats to United States National Security and Foreign Policy
- EO 14405 Integrating Financial Technology Innovation Into Regulatory Frameworks
- EO 14406 Restoring Integrity to America's Financial System

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