

Monthly Bank Regulatory Report

January 30, 2026

We are pleased to provide you with the January edition of Gibson Dunn's monthly U.S. bank regulatory update. Please feel free to reach out to us to discuss any of the below topics further.

KEY TAKEAWAYS

- President Trump [announced](#) Kevin Warsh as his nominee to replace Jerome Powell as the Chair of the Federal Reserve.
- The Office of the Comptroller of the Currency (OCC) [issued](#) a proposed rule to clarify the permissible activities of national trust banks, including by making explicit that national trust banks may engage in non-fiduciary activities in addition to fiduciary activities, consistent with the National Bank Act. Comments on the proposal are due by February 11, 2026.
- The Federal Deposit Insurance Corporation (FDIC) Board of Directors [established](#) a new Office of Supervisory Appeals and adopted updated supervisory appeals guidelines intended to enhance independence, transparency, and consistency in the supervisory appeals process.
- Travis Hill was [sworn in](#) as the 23rd Chairman of the FDIC, following Senate confirmation.

DEEPER DIVES

OCC Proposes Rule Clarifying Permissible Activities for National Trust Banks. On January 8, 2026, the OCC [issued](#) a notice of proposed rulemaking to amend its national bank chartering regulations to clarify the scope of permissible activities for national trust banks. Under the proposed revisions, national trust banks would be explicitly permitted to engage in non-

fiduciary activities in addition to fiduciary activities. The OCC stated that the existing regulatory text has, in some cases, been interpreted too narrowly to suggest that national trust banks are limited to traditional fiduciary activities unless they also engage in core banking functions such as deposit-taking or lending. The proposed rule is intended to align the language in the rule more closely with the National Bank Act and the OCC's longstanding chartering and supervisory practices, and to provide greater certainty regarding permissible activities such as custody, safekeeping, and related services. The proposal does not modify the OCC's capital, liquidity, governance, or safety-and-soundness expectations for national trust banks. Comments on the proposed rule are due by February 11, 2026.

- *Insights.* Importantly, the proposal clarifies that the phraseology in the OCC's regulation should not be read to confine national trust banks exclusively to traditional fiduciary activities when the National Bank Act and OCC practice permit broader activities. It also signals the OCC's willingness to consider national trust bank applications and underscores the increased interest in the charter. The proposed rule does not address whether there is a "minimum" amount of fiduciary activities required of a national trust bank (OCC Interpretive Letter No. 1176 previously stated: "a national bank that limits its activities to those of a trust company *typically performs at least some of its activities in a fiduciary capacity*"), nor does it expressly define the scope of permitted nonfiduciary activities, though OCC Interpretive Letter No. 1176 and recent national trust bank charter approvals have highlighted what some of those permitted nonfiduciary activities may include, provided they are permitted of national banks under 12 U.S.C. 24(Seventh).

FDIC Establishes Office of Supervisory Appeals and Revises Supervisory Appeals

Guidelines. On January 22, 2026, the FDIC Board of Directors [approved](#) the creation of a new Office of Supervisory Appeals (OSA) and adopted revised guidelines governing the FDIC's supervisory appeals process. The OSA will generally replace the Supervision Appeals Review Committee (SARC) as the final level of review for appeals of material supervisory determinations, including certain examination ratings, asset classifications, and other significant supervisory conclusions. The FDIC described the new office as a standalone function, separate from the agency's supervisory divisions, designed to enhance the independence, consistency, and credibility of the appeals process. Under the revised framework, the Office of Supervisory Appeals will be responsible for administering and adjudicating appeals, with decisions made by panels that do not include individuals involved in the underlying supervisory matter or in the supervisory chain of command. The updated guidelines also clarify key procedural elements of the appeals process, including eligibility criteria, submission standards, timelines, and panel composition, with the stated objective of improving predictability, transparency, and fairness for appealing institutions. In approving the changes, the FDIC emphasized that the revised framework is intended to provide a meaningful forum for resolving material, good-faith supervisory disputes, not to encourage routine appeals or substitute for engagement during the examination process.

- *Insights.* By creating a dedicated office outside the supervisory chain of command and eliminating reliance on SARC as the final decision-maker, the FDIC has addressed a longstanding industry concern regarding perceived proximity between supervisory staff and appeals adjudicators. This structural separation may increase institutions' confidence that appeals will receive a genuinely independent review. The revised framework

underscores that appeals will be decided primarily on the written record, heightening the importance of how supervisory issues are documented, responded to, and escalated during the examination itself. Institutions should assess whether examination responses and management explanations are sufficiently precise, evidence-based, and internally consistent to support a potential appeal if necessary. While the FDIC reiterated that appeals should remain the exception rather than the norm, the creation of the OSA may warrant a reassessment of internal decision-making processes around when to pursue an appeal. Institutions may wish to formalize escalation criteria, clarify roles for senior management and the board, and ensure alignment between legal, compliance, and business teams before initiating an appeal. The FDIC's messaging continues to emphasize resolution through supervisory dialogue before escalation. Banks should view the revised appeals framework as a backstop for unresolved, material disagreements; not a substitute for proactive engagement with examiners during the supervisory process.

Vice Chair for Supervision Bowman on Modernizing Supervision and Regulation. On January 7, 2026, Federal Reserve Vice Chair for Supervision Michelle Bowman delivered a [speech](#) titled "Modernizing Supervision and Regulation: 2025 and the Path Ahead." In her speech, Vice Chair for Supervision Bowman outlined continued efforts to recalibrate the Federal Reserve's supervisory and regulatory framework. She emphasized that supervision should focus on identifying and mitigating material financial risks, supported by improved transparency, accountability, and consistency, and tailored to reflect differences in institutional size, risk, complexity and business model. Building on themes raised in prior remarks, Vice Chair for Supervision Bowman discussed initiatives to refine supervisory operating principles, adjust the Large Financial Institution (LFI) ratings framework to better align supervisory assessments with firms' overall condition and risk profile, and reduce unnecessary supervisory burden, particularly for community and regional institutions. She also reiterated concerns that aspects of the current supervisory regime have become overly process-driven, contributing to uncertainty and inconsistent outcomes without commensurate safety-and-soundness benefits. In addition, Vice Chair for Supervision Bowman highlighted ongoing efforts to revisit aspects of the Federal Reserve's treatment of confidential supervisory information.

- *Insights.* CAMELS and ratings reform remain central to Vice Chair for Supervision Bowman's supervisory agenda. Her remarks should be read in the context of her sustained focus on modernizing the CAMELS and LFI ratings frameworks, including concerns that ratings outcomes can be driven by process weaknesses or supervisory expectations that are not sufficiently tied to material risk. Collectively, her statements continue to signal movement toward ratings that better reflect actual financial condition, risk management effectiveness, and outcomes, rather than aspirational supervisory standards. Bowman's focus on material financial risks reinforces a supervisory direction that prioritizes issues with meaningful safety-and-soundness implications. Institutions may see increased scrutiny of core risk areas, coupled with greater flexibility in how supervisors assess lower-impact process findings, particularly where those issues do not materially affect risk profiles. Bowman's discussion of confidential supervisory information suggests a reassessment of how examination findings, supervisory communications, and related materials are classified and shared. If implemented, changes in this area could improve the ability of boards and senior management to engage meaningfully with supervisory feedback. As with other elements of Bowman's reform agenda, any changes

to ratings practices or confidential supervisory information treatment are likely to be implemented gradually through supervisory guidance and internal process changes rather than formal rulemaking. Banks should continue to operate under existing frameworks while positioning themselves to take advantage of greater clarity and engagement opportunities as reforms develop.

Remarks on Resolution Planning by Comptroller Gould. On January 16, 2026, Comptroller of the Currency Jonathan V. Gould, speaking at the American Bar Association Banking Law Committee meeting, delivered [remarks](#) offering a critical reassessment of the U.S. resolution planning regime, with particular focus on the FDIC's Covered Insured Depository Institution (CIDI) plan requirements. Comptroller Gould questioned whether the CIDI framework has a clear statutory foundation, contrasting it with the express statutory mandate for resolution plans for large bank holding companies under Section 165(d) of the Dodd-Frank Act. He argued that CIDI plans have evolved into a resource-intensive compliance exercise that may provide limited incremental value in enhancing actual resolvability. Comptroller Gould also expressed concern that current expectations risk shifting responsibility for designing and operationalizing resolution strategies from regulators to banks themselves, potentially diverting management attention and resources from core risk management. He suggested that the FDIC consider reducing both the frequency and scope of CIDI submissions and refocusing the regime on strengthening regulators' internal resolution capabilities, rather than relying heavily on institution-specific planning exercises. His remarks reflect a broader critique of supervisory regimes that, in his view, have expanded beyond their original intent without sufficient reassessment of costs, benefits, and statutory grounding.

- *Insights.* While Comptroller Gould's remarks do not change existing requirements, they signal that senior policymakers are actively reassessing the scope, frequency, and legal basis of CIDI resolution planning. Banks subject to CIDI requirements should expect continued dialogue—and potentially revised guidance—regarding what constitutes an effective and proportionate plan. Institutions may wish to evaluate whether their current CIDI submissions are overly expansive relative to actual resolution utility. Emphasizing clarity, executability, and alignment with realistic resolution scenarios may better position banks if expectations are narrowed or refocused. The Comptroller's critique highlights potential tension between OCC perspectives and existing FDIC practices. Banks supervised by multiple agencies should monitor how interagency coordination evolves on the appropriate role of institution-driven resolution planning. In the near term, banks will continue to be subject to existing CIDI obligations. Over the medium term, however, Comptroller Gould's remarks suggest that institutions should be prepared to engage constructively with regulators on how resolution planning requirements could be tailored to reduce burden while preserving safety-and-soundness objectives.

OTHER NOTABLE ITEMS

FDIC Adopts Final Rule Amending Official Signs and Advertising Requirements. On January 22, 2026, the FDIC [adopted](#) a final rule amending its regulations governing FDIC official digital signage and non-deposit signage requirements for insured depository institutions' digital deposit-taking channels, ATMs, and like devices. The rule is intended to simplify and clarify aspects of the signage regime established by the 2023 final rule by focusing display requirements

on screens and pages where signage is most relevant to consumers, giving institutions greater flexibility in design (e.g., color, font, size), narrowing the scope of non-deposit signage obligations, and permitting wider use of physical FDIC signs on qualifying ATMs; the final rule will be effective 30 days after publication in the *Federal Register* and includes an April 1, 2027, compliance date for the amended digital/ATM signage requirements.

FinCEN Extends Effective Date of Investment Adviser AML Rule. On December 31, 2025, FinCEN [issued](#) a final rule extending the effective date of its investment adviser anti-money laundering and suspicious activity reporting requirements from January 1, 2026 to January 1, 2028.

NYDFS Issues Cybersecurity Alert. On January 22, 2026, the New York State Department of Financial Services [issued](#) a cybersecurity threat alert warning NYDFS-regulated entities and individuals about phishing emails impersonating NYDFS personnel that may urge recipients to open files, make payments, or share documents; the alert clarified that legitimate DFS communications will originate only from @dfs.ny.gov or @public.govdelivery.com addresses and urged recipients to verify unexpected requests directly with DFS and exercise caution before providing sensitive information or opening attachments.

Federal Reserve Financial Services Takes Actions to Support Penny Circulation. On January 8, 2026, the Federal Reserve Financial Services [announced](#) that it will resume accepting penny deposits from banks and credit unions at commercial coin distribution locations where such services had previously been suspended, in an effort to support continued penny circulation amid the end of new penny production by the U.S. Mint. The announcement reflects a response to industry concerns about penny availability after the cessation of penny production. The Federal Reserve noted that it will monitor penny deposit flows and may consider expanded ordering options if feasible given inventory constraints.

FDIC Updates PPE List. On January 22, 2026, the FDIC [released](#) an updated list (as of January 15, 2026) of companies that have submitted notices for a Primary Purpose Exception (PPE) under the 25% or Enabling Transactions test.

FRBNY Publishes Staff Report on Linkages Between Banks and NBFIs. On January 9, 2026, the Federal Reserve Bank of New York [published](#) a *Staff Report* titled “Transformed Intermediation: Credit Risk to NBFIs, Liquidity Risk to Banks,” examining linkages between credit risk in nonbank financial intermediaries (NBFIs) and liquidity risk for banks and demonstrating that shocks to NBFIs can spill over to banks that provide credit lines, particularly during stress, highlighting the interconnectedness.

Office of Financial Research Publishes Blog Post on Central Clearing Impacts. On January 29, 2026, the Office of Financial Research [published](#) a blog post titled “How Will Central Clearing Impact the Repo Market?” The analysis suggests that expanded central clearing could materially enhance counterparty risk netting efficiencies, potentially freeing up balance-sheet capacity for major dealers.

The following Gibson Dunn lawyers contributed to this issue: Jason Cabral, Ro Spaziani, and Rachel Jackson.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding the issues discussed in this update. Please contact the Gibson Dunn lawyer with whom you usually work or any of the member of the [Financial Institutions](#) practice group:



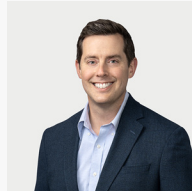
Jason Cabral
New York
+1 212.351.6267
jcabral@gibsondunn.com



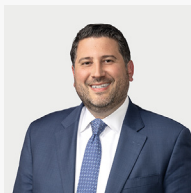
Ro Spaziani
New York
+1 212.351.6255
rspaziani@gibsondunn.com



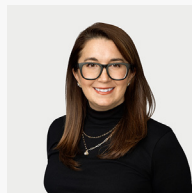
Stephanie L. Brooker
Washington, D.C.
+1 202.887.3502
sbrooker@gibsondunn.com



M. Kendall Day
Washington, D.C.
+1 202.955.8220
kday@gibsondunn.com



Jeffrey L. Steiner
Washington, D.C.
+1 202.887.3632
jsteiner@gibsondunn.com



Sara K. Weed
Washington, D.C.
+1 202.955.5807
sweed@gibsondunn.com



Ella Capone
Washington, D.C.
+1 202.887.3551
ecapone@gibsondunn.com



Sam Raymond
New York
+1 212.351.2499
sraymond@gibsondunn.com



Rachel Jackson
New York
+1 212.351.6260
rjackson@gibsondunn.com

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