



# GIBSON DUNN

## Monthly Bank Regulatory Report

March 2, 2026

*We are pleased to provide you with the February 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

- The [Board of Governors of the Federal Reserve System](#) (Federal Reserve), [Office of the Comptroller of the Currency](#) (OCC) and the [Federal Deposit Insurance Corporation](#) (FDIC) released the 2026 stress test scenarios. The Federal Reserve Board voted to maintain the current stress capital buffer requirements through 2027 pending revisions to supervisory stress testing models.
- At a Senate Banking Committee [hearing](#), Vice Chair for Supervision Michelle Bowman confirmed the Federal Reserve, OCC and FDIC have reached consensus on a Basel III endgame re-proposal and intend to issue it before the end of March.
- The OCC [issued](#) a notice of proposed rulemaking to implement the GENIUS Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction. For additional information, see our [Client Alert](#).
- The OCC [finalized](#) its rule on the scope of national trust bank charters to clarify the longstanding authority of national trust banks to engage in non-fiduciary activities in addition to their fiduciary activities. The final rule is effective April 1, 2026.
- The National Credit Union Administration (NCUA) [issued](#) a proposed rule implementing portions of the GENIUS Act relating to applications for payment stablecoin issuance. The FDIC [announced](#) a 90-day extension to the comment period on its related proposal.
- Continuing a broader interagency trend toward formalizing supervisory review processes, the OCC [issued](#) a proposed rule revising procedures governing appeals of material supervisory determinations.

- The New York State Department of Financial Services [issued](#) draft regulations establishing a licensing and supervision framework for Buy Now, Pay Later providers. Comments on the draft regulations are due by March 5, 2026.

## DEEPER DIVES

**Stress Capital Buffer Maintained Through 2027.** In conjunction with issuing the final stress test scenarios, the Federal Reserve Board [voted](#) to maintain current SCB requirements through 2027, postponing the computation of new buffer levels based on the 2026 test results until revised supervisory models — incorporating public feedback — are finalized. The Federal Reserve Board noted that delaying the recalculation will provide time to refine stress testing methodologies, scenario design, and model documentation following extensive outreach and comments from industry participants. The decision effectively preserves the status quo in capital planning requirements for large banking organizations in the near term, reducing immediate uncertainty over capital buffer changes while the Federal Reserve continues its broader review of stress testing practices and transparency initiatives.

- *Insights.* Maintaining the current SCB requirements through 2027 signals a measured approach by the Federal Reserve, balancing the need for robust capital standards with responsiveness to industry feedback and supervisory model enhancements. Banks should continue integrating scenario details into capital planning and model validation processes while preparing for potential recalibration of SCB requirements once revised stress testing methodologies are finalized.

**OCC Proposes Comprehensive Stablecoin Framework to Implement the GENIUS Act.** On February 25, 2026, the OCC [issued](#) a 376-page proposed rule to implement key provisions of the GENIUS Act for entities under OCC jurisdiction. The proposal would establish a prudential regulatory framework for permitted payment stablecoin issuers, including national banks, federal savings associations, federal branches, federally supervised nonbank entities, and certain foreign issuers operating in the United States. The proposal addresses permissible activities, reserve composition and segregation, redemption timing, capital requirements, audit thresholds, and transition mechanics for larger state-regulated issuers.

- *Insights.* The OCC's proposed rule establishes the first detailed federal prudential regime for payment stablecoins. While it clarifies core structural requirements, key issues — including reserve diversification, capital calibration, interest/yield interpretation, and multi-brand issuance — remain open. Market participants should evaluate economic models, governance frameworks, and distribution strategies in light of the proposed constraints and engage meaningfully during the comment period. Notably, the OCC seeks comment on more than 200 questions—including how reserve diversification should be structured, how capital should be calibrated, and how multi-brand or co-branded issuance models should be treated under the rule—signaling that several core calibrations remain open and subject to meaningful stakeholder influence.

**OCC Finalizes Rule on Scope of National Trust Bank Charters.** On February 27, 2026, the OCC [finalized](#) a rule amending its chartering regulation (12 C.F.R. § 5.20) to clarify the permissible activities of uninsured national trust banks. The rule replaces references to “fiduciary activities” with the statutory phrase “operations of a trust company and activities related thereto,” aligning the regulation with the National Bank Act. The change resolves ambiguity created by prior regulatory language that had been interpreted by some as limiting trust banks to strictly fiduciary activities or requiring them to perform core banking functions in order to engage in non-fiduciary operations. The final rule is effective April 1, 2026.

- *Insights.* The principal effect of the rule is to confirm that national trust banks may engage in non-fiduciary trust company activities — including custody and safekeeping — without triggering the core banking function requirement applicable to full-service national banks. Notably, the OCC also declined to address whether a national trust bank must conduct fiduciary activities at all or whether any minimum “quantum” of fiduciary activity is required, stating that this question is outside the scope of the rulemaking. By preserving case-by-case discretion and declining to impose a fiduciary threshold, the OCC reduces interpretive uncertainty that had constrained some charter applicants and may broaden the practical appeal of the national trust bank charter for specialized custody, asset servicing, and digital-asset business models, subject to regulatory approval.

**OCC Proposes Revisions to Supervisory Appeals Process.** On February 17, 2026, the OCC [issued](#) a notice of proposed rulemaking to revise its procedures governing appeals of material supervisory determinations. The proposal would modify the composition of the appellate body, clarify timelines for appeal submissions and codify standards of review. The proposal follows the FDIC’s January 2026 establishment of a new Office of Supervisory Appeals and adoption of updated supervisory appeals guidelines. The OCC indicated that the revisions are intended to enhance transparency, consistency, and independence in the appeals process.

- *Insights.* The OCC’s proposal — together with the FDIC’s recent creation of a new Office of Supervisory Appeals — signals a broader interagency effort to strengthen the procedural credibility and independence of supervisory appeals. While the revisions do not alter substantive supervisory standards, they may meaningfully affect how institutions manage disagreements over MRAs, MRA severity, and other material determinations. If the revised framework is perceived as more independent and predictable, institutions may be more willing to utilize the appeals process than in prior years. Banks should view these reforms not merely as technical procedural changes, but as an opportunity to reassess internal escalation, documentation, and board reporting practices around supervisory findings. Even absent a formal appeal, a clearer and more structured appellate framework may alter supervisory dynamics during examinations by providing institutions with greater leverage in negotiating the scope and characterization of findings. Institutions should assess whether their governance and documentation processes position them to effectively evaluate and, if appropriate, pursue appeals under the revised frameworks.

**Vice Chair for Supervision Bowman Details Supervisory Priorities and Examination Approach.** On February 19, 2026, Vice Chair for Supervision Michelle Bowman delivered opening [remarks](#) at the Federal Reserve Bank of Atlanta 2026 “Banking Outlook Conference: The Next Horizon in Banking,” outlining the Federal Reserve’s supervisory and regulatory priorities for

the year ahead. Bowman emphasized continued commitment to regulatory and supervisory tailoring, underscoring that supervisory expectations should reflect an institution's size, complexity, and risk profile rather than impose uniform standards across institutions. Bowman noted ongoing reviews of the Federal Reserve's merger and acquisition and de novo chartering processes, including potential streamlining measures and refinements to competitive analysis frameworks aimed at supporting community bank growth. She also provided updates on capital-related initiatives, including continued review of proposed revisions to the Community Bank Leverage Ratio, consideration of adjustments to the mutual bank capital framework, coordination with the OCC and FDIC on U.S. Basel III implementation, refinements to the G-SIB surcharge framework, and efforts to enhance stress testing transparency through expanded model and scenario disclosures.

Bowman further highlighted efforts to recalibrate supervisory findings and Matters Requiring Attention (MRAs) to focus more squarely on material financial risks — including credit, liquidity, and interest rate risk — while reaffirming that operational and cybersecurity risks remain core supervisory priorities. She emphasized that an increased focus on core financial risks does not diminish the Federal Reserve's attention to nonfinancial risks where safety and soundness concerns are implicated, stating: "Let me be clear: emphasizing core and material financial risks to safety and soundness does not mean neglecting nonfinancial risk. Cybersecurity, for example, remains a top priority. Strong risk management remains essential to the safety and soundness of the institutions we supervise, and we will continue to issue findings and examine for it where appropriate."

- *Insights.* Bowman's remarks are consistent with her prior public statements emphasizing regulatory tailoring, supervisory recalibration and incremental refinement of capital frameworks rather than sweeping reform. Her continued focus on aligning supervisory expectations with demonstrable risk — particularly for community and regional institutions — signals that the Federal Reserve's 2026 supervisory agenda is likely to prioritize proportionality, clarity in MRAs and predictability in capital requirements. While Bowman reiterated that cybersecurity and operational resilience remain core supervisory priorities, the speech reinforces an ongoing effort to concentrate examination findings more squarely on material financial risks. Institutions should view the remarks as confirmation of an evolving supervisory posture rather than a directional shift. With respect to capital, Bowman again signaled that 2026 will be a year of incremental but consequential capital framework refinement rather than sweeping reform. Days later, at a Senate Banking Committee [hearing](#), Bowman confirmed the Federal Reserve, OCC and FDIC have reached consensus on a Basel III endgame re-proposal and intend to issue it before the end of March.

## OTHER NOTABLE ITEMS

**FDIC Extends Comment Period on Proposed GENIUS Act Rulemaking.** On February 6, 2026, the FDIC [announced](#) a 90-day extension to the comment period on the FDIC's notice of proposed rulemaking that would implement the application provisions under the GENIUS Act for state-chartered nonmember banks and state savings associations seeking to issue payment stablecoins through a subsidiary. The FDIC is extending the comment period from February 17, 2026, to May 18, 2026.

**NCUA Proposes Rule for Permitted Payment Stablecoin Issuer Applications.**

On February 12, 2026, the NCUA [issued](#) a proposed rule to implement portions of the GENIUS Act relating specifically to payment stablecoin issuers that are subsidiaries of federally insured credit unions (FICUs). Under the proposal, the NCUA would establish the application and licensing process for permitted payment stablecoin issuers (PPSIs) within its jurisdiction and would limit federally insured credit unions to investing only in NCUA-licensed PPSIs. Comments on the proposal are due by April 13, 2026. The NCUA signaled forthcoming rulemakings on substantive PPSI standards, with additional guidance and supervisory updates likely to follow as FICU examination policies and guidance are adapted to incorporate stablecoin supervision.

**Speech by Vice Chair for Supervision Bowman on Mortgage Lending.** On February 16, 2026, Vice Chair for Supervision Michelle Bowman gave a [speech](#) titled “Revitalizing Bank Mortgage Lending, One Step with Basel.” In her speech, Vice Chair for Supervision highlighted the significant long-term decline in bank participation in mortgage origination and servicing, noting that banks’ share of mortgage originations fell from roughly 60% in 2008 to about 35% in 2023, and servicing rights held by banks dropped from around 95% to approximately 45% over the same period. She attributed part of this shift to regulatory capital treatments that may be overly punitive relative to underlying risk, particularly the capital deduction and high risk weight applied to mortgage servicing rights (MSRs) and the uniform risk weighting of on-balance-sheet mortgages irrespective of loan-to-value ratios. Bowman outlined that the federal banking agencies are considering revisions within the Basel framework to better align capital requirements with risk and to encourage bank engagement in mortgage markets. Potential modifications include removing the requirement to deduct MSRs from regulatory capital while reconsidering their appropriate risk weight and introducing greater risk sensitivity for residential mortgage exposures based on credit characteristics such as loan-to-value. She emphasized that such recalibrations aim to support bank participation in mortgage origination and servicing without compromising safety and soundness and invited industry feedback on forthcoming proposals.

**SEC Commissioner Uyeda Remarks on Treasuries and Tokenization.** On February 9, 2026, Securities and Exchange Commission Commissioner Mark Uyeda gave [remarks](#) at the Asset Management Derivatives Forum 2026 conference. In his remarks, Commissioner Uyeda provided a comprehensive update on the Commission’s progress toward mandatory clearing for certain U.S. Treasury securities, outlining benefits and operational challenges as the compliance deadline approaches. Uyeda noted ongoing outreach on interpretive questions—including inter-affiliate transactions and extraterritorial scope—indicating continued engagement with market participants to refine the operational framework ahead of full compliance. On tokenization of securities, Uyeda described the shift from theoretical discussion to practical market developments. He framed tokenization as a potential modernization of capital markets infrastructure that should be integrated within the existing securities regulatory framework, rather than prompting entirely new or separate regulatory regimes.

**Federal Reserve Announces Public Outreach Meeting on Review of Regulations.** On February 19, 2026, the Federal Reserve [announced](#) it will hold a hybrid public outreach meeting on March 26, 2026 as part of the agency’s required review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act. The outreach meeting will present an opportunity for stakeholders to present their views on the regulatory categories for which comment was previously published in the *Federal Register*: applications and reporting; powers

and activities; international operations; consumer protection; directors, officers and employees; money laundering; rules of procedure; safety and soundness; securities; banking operations; capital; and the Community Reinvestment Act. Those interested in providing oral comments must register by March 19, 2026.

**FDIC Updates PPE List.** On February 24, 2026, the FDIC [released](#) an updated list (as of February 15, 2026) of companies that have submitted notices for a Primary Purpose Exception (PPE) under the 25% or Enabling Transactions test.

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

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:



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