FinReg Round-Up
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Q1 has been a bit of a bumpy ride with the changeover from the Biden administration to the Trump administration and resulting changes in federal agency leadership. Much was—and continues to be—in flux in the regulation of financial services. The Federal Deposit Insurance Corporation (FDIC) and Office of the Comptroller of the Currency (OCC) last month attempted to offer some clarity to financial institutions under their supervision on activities related to digital assets and cryptocurrencies. The FDIC also announced the withdrawal of four proposed rules put forth under previous agency leadership.

In addition to these two important news items, be sure to check out insights, news and events you might have missed in our In Case You Missed It section.

FDIC and OCC Clarify Scope of Permissible Crypto-Related Activities

Consistent with the Trump administration's vocal support of the growth of the U.S. crypto industry, the FDIC and the OCC issued clarifications to institutions they supervise on the scope of permissible crypto-related activities.

The FDIC issued a Financial Institution Letter (FIL-7-2025) on March 28 to clarify that FDIC-supervised institutions that engage or want to engage in permissible crypto-related activities may do so without receiving prior FDIC approval. Institutions may participate in permissible activities, including engaging in new and emerging technologies such as crypto-assets and digital assets, as long as they adequately manage any associated risks.

Earlier, the OCC reaffirmed the range of permissible cryptocurrency activities under the federal banking system. In its Interpretive Letter 1183, the OCC confirmed that national banks and federal savings associations may engage in crypto-asset custody, certain stablecoin activities and independent node verification networks such as distributed ledger. The letter also rescinded the requirement for OCC-supervised institutions to demonstrate that they have adequate controls in place before they can engage in cryptocurrency activities.

Given the continued volatility of digital assets, as well as the lack of a unified regulatory framework in the United States, it is not yet clear whether U.S. banks have the same enthusiasm for digital asset-related activities as they did before the 2022 crypto market crash.

FDIC Withdraws Four Proposed Rules as Part of New Chairman's 2025 Priorities

The FDIC Board of Directors announced on March 3 that it approved the withdrawal of four outstanding proposed rules. The brokered deposits proposal, published in the Federal Register on Aug. 23, 2024, was withdrawn on the grounds it would have significantly disrupted the deposit landscape. The corporate governance proposal, published on Oct. 11, 2023, would have created overly prescriptive and process-oriented expectations for management and boards of directors of FDIC-supervised institutions with $10 billion or more in total consolidated assets.

The Change in Bank Control Act (CBCA) proposal, published on Aug. 19, 2024, removed an exemption from the requirement to submit a notice to the FDIC for the acquisition of voting securities of a depository institution holding company for which the Federal Reserve reviews a CBCA notice. Finally, the FDIC withdrew staff authority to publish a proposed rule related to incentive-based compensation arrangements. The FDIC board approved the proposal on May 3, 2024, but it was never published.

Withdrawing proposals from the past three years that are deemed problematic is one of the agency's 2025 priorities outlined by FDIC Acting Chairman Travis Hill in a Jan. 21 statement. Other priorities include a review of regulations, guidance and manuals to promote a growing economy; improving the supervisory process to focus more on core financial risks and less on process; and pursuing adjustments to capital and liquidity rules to appropriately balance driving economic growth with ensuring safety and resilience to shocks.

In Case You Missed It

- **Recap of the 2025 Fund Finance Association Conference**, Peter Beardsley | Loeb & Loeb LLP was a platinum sponsor of the 14th Annual Fund Finance Symposium, Feb. 24-27, where partner Peter Beardsley spoke on the panel "Atypical Collateral Underwriting and Lending Considerations" on Feb. 24.
- **President Trump Quietly Nominates OCC and CFPB Leadership**, Melissa Hall | In the midst of the flurry of nominations and appointments to federal agencies, President Donald Trump has appointed an acting chair of the OCC and nominated permanent heads of the OCC and the Consumer Financial Protection Bureau (CFPB).
- **A New Era for Cryptocurrencies in the United States**, Gian Pastore, Amir Azaran | In the whirlwind of news from the first week of the Trump administration, one executive order marking a significant policy shift flew under the media's radar. On Jan. 23, President Trump issued the Executive Order "Strengthening American Leadership in Digital Financial Technology," setting the stage for a bold new direction in U.S. digital asset policy.
- **Following Monday's Inauguration, Leadership of Banking Agencies Under Trump Is Uncertain**, Melissa Hall | Although the Trump administration has announced a number of cabinet and agency leadership nominees, there was a curiously conspicuous silence over who will be appointed to lead the OCC and the FDIC, as well as who will take over as the Federal Reserve's vice chair for supervision.

- **Collateral Damage: What Not to Overlook in Subscription Line and Management Fee Line Facility Diligence**, Anthony Pirraglia, Peter Beardsley and Richard Facundo | Structuring subscription credit facilities and management fee lines of credit involve a firm understanding of a lender's collateral package and having solid due diligence to avoid issues from a credit and legal perspective. Loeb & Loeb partners Anthony Pirraglia, Peter Beardsley and Richard Facundo updated their fundamental chapter "Collateral Damage: What Not to Overlook in Subscription Line and Management Fee Line Facility Diligence," in the ninth edition of Global Legal Insights: Fund Finance Laws and Regulations 2025.

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