



## Community Bankers of Michigan Regulatory Dispatch

March 11, 2026

*Timely news and resources community bankers can use*

### **Agencies Clarify the Capital Treatment of Tokenized Securities**

WASHINGTON –The federal bank regulatory agencies jointly issued answers to frequently asked questions to clarify the capital treatment of tokenized securities.

A security is often referred to as “tokenized” when ownership rights in the security are represented using distributed ledger technology. The answers to the frequently asked questions clarify that an eligible tokenized security should generally receive the same capital treatment as the non-tokenized form of the security under the capital rule. The agencies also clarified that the capital rule is technology neutral, and the technologies used to issue and transact in a security do not generally impact its capital treatment.

As with any exposure, banks holding tokenized securities must apply sound risk management practices and comply with applicable laws and regulations.

Attachment(s)

[Frequently Asked Questions Regarding the Capital Treatment of Tokenized Securities \(PDF\)](#)

***Comment: Applies to “eligible tokenized securities” meaning securities that confer legal rights identical to those of their non-tokenized equivalents under applicable law, including legal ownership rights. It is unclear how strictly the “identical” requirement will be construed. Banks should confirm that any tokenized security under consideration confers legally identical rights to its traditional equivalent under applicable law, as this is the gateway determination on which all other analysis depends.***

### **Bank Management**

**OCC [Issues Final Rules to Reduce Regulatory Burden for Community Banks](#) (03/03/2026) –**

WASHINGTON—The Office of the Comptroller of the Currency (OCC) announced two final rules to reduce the regulatory burden for community banks.

These actions build upon the OCC’s ongoing efforts to tailor bank supervision and regulation to bank risk profile and reduce burden for its regulated institutions so they can focus resources on core functions and support economic growth.

“Community banks serve critical constituencies and lend to Main Street businesses, that in turn support vibrant local economies,” said Comptroller of the Currency Jonathan V. Gould. “Unfortunately, over the last couple of decades, regulatory burdens coupled with the proliferation of a one-size-fits-all supervisory

framework have cut the number of community banks across our nation in half. As Comptroller, I've prioritized addressing the challenges of community banks by streamlining regulation and tailoring supervision. Today's actions execute on meaningful reforms as we continue working to help these institutions best serve the American people on a level playing field."

In a final rule, the OCC rescinded its Fair Housing Home Loan Data System regulation, removing obsolete and largely duplicative data collection requirements on applications for home loans that applied only to national banks. The final rule eliminates regulatory burden for these institutions without having a material impact on the availability of data necessary for the OCC to conduct its fair housing-related supervisory activities.

In a separate final rule, the OCC simplified licensing requirements for corporate activities and transactions involving community banks. The final rule broadens eligibility for expedited or reduced filing procedures to community banks. These changes are intended to reduce burden related to corporate activities and transactions by community banks.

#### Related Links

- [Bulletin 2026-05, "Rescission of 12 CFR 27, 'Fair Housing Home Loan Data System': Final Rule"](#)
  - [Final Rule, Fair Housing Home Loan Data System \(PDF\)](#)
- [Bulletin 2026-06, "Community Bank Licensing Amendments: Final Rule"](#)
  - [Final Rule, Community Bank Licensing Amendments \(PDF\)](#)

***Comment: Under the licensing requirements, a national bank or federal savings association may qualify if it has less than \$30 billion in total assets, is well capitalized, and is not subject to a cease-and-desist order, consent order, or formal written agreement requiring improvements to its financial condition.***

#### **FRB [Beige Book](#) (03/04/2026) – National Summary - Overall Economic Activity**

Overall economic activity increased at a slight to moderate pace in seven of the twelve Federal Reserve Districts, while the number of Districts reporting flat or declining activity increased from four in the prior period to five in the current period. Although consumer spending increased slightly on balance, two Districts reported ongoing declines, and many noted that sales were dampened by economic uncertainty, increased price sensitivity, and lower-income consumers pulling back on spending. Districts impacted by winter storms said that retail traffic generally slowed, and one District said immigration enforcement activity negatively affected customer demand in urban areas. Auto sales were mostly down for Districts that reported on them, with many citing continuing affordability issues. Manufacturing activity improved overall since the previous reporting period, with eight Districts reporting varying degrees of growth and two reporting declines. Manufacturing contacts in many Districts reported increases in new orders, and several cited boosts in demand from data centers and, relatedly, energy infrastructure. Transportation activity was mixed across Districts that reported on it, with three reporting contractions and two reporting modest growth. Overall, financial services activity was reported as stable to up, with commercial lending being the primary area of strength. For most Districts that reported on residential real estate and construction, sales and activity decreased slightly, with low inventories and affordability remaining key issues. Nonresidential construction activity was mixed across reporting Districts but increased slightly on net. Among reporting Districts, agricultural conditions were mostly flat, and energy activity grew modestly on balance. Overall, economic expectations were optimistic, with most Districts expecting slight to moderate growth in the coming months.

#### Labor Markets:

Employment levels were generally stable in recent weeks as seven of the twelve Districts reported no change in hiring. Contacts in several Districts cited rising nonlabor input costs, softer demand, or uncertainty about overall economic conditions as reasons for flat or lower employment levels. Firms in some Districts and in various sectors looked to AI or other forms of automation to gain efficiencies, with

	<p>most emphasizing the goal of productivity enhancement rather than worker replacement. Wages rose at a modest or moderate pace in most Districts as firms competed for talent in select areas, including the skilled trades. Several Districts continued to report upward pressure on total compensation due to rising health insurance premiums.</p> <p><u>Prices:</u></p> <p>Prices increased moderately in recent weeks, with eight Districts reporting moderate price growth and four seeing slight or modest increases. Many Districts reported that costs rose across several nonlabor inputs, including insurance, utilities and energy, and metals and other raw materials. Nine Districts mentioned that tariffs contributed to increased costs. Some firms continued to pass tariff-related cost increases through to their customers, and others began to do so after having absorbed previous increases. Still, most Districts received reports of some firms holding selling prices stable despite higher costs because their customers were increasingly price sensitive. On balance, firms expected prices to rise at a somewhat slower pace in the near term.</p>
	<p><b>CSBS <a href="#">2026 Q1 CBSI Survey is Open</a></b> (03/03/2026) – The Community Bank Sentiment Index is an index derived from quarterly polling of community bankers across the nation. As community bankers answer questions about their outlook on the economy, their answers are analyzed and compiled into a single number. An index reading of 100 indicates a neutral sentiment, while anything above 100 indicates a positive sentiment, and anything below 100 indicates negative sentiment.</p> <p>CSBS is collecting responses for the 2026 first quarter Community Bank Sentiment Index through March 31. Your input helps show the expectations for the future of the overall economy.</p> <p><b><i>Comment: The more banks that participate, the more valuable the survey results are to both the CSBS and participating banks. CBM encourages all member banks to take the survey.</i></b></p>
	<p><b>FFIEC <a href="#">UBPR Interest Rate Risk Analysis Page Change</a></b> (03/02/2026) – As announced in 2022, the Federal Financial Institutions Examination Council’s member agencies began a multi-year review of Uniform Bank Performance Report’s content to ensure it remains current and relevant. As part of this content review, which is being led by the Task Force on Surveillance Systems, the FFIEC updated the Interest Rate Risk Analysis page in February 2025. The updated page contained several new concepts that resulted in a materially longer page. To aid in readability of the content, on or shortly after March 2, 2026, the Interest Rate Risk Analysis concepts will be divided into two pages (Interest Rate Risk Analysis page 9 and page 9A).</p> <p>For more information on the UBPR Interest Rate Risk Analysis pages, refer to the UBPR User’s Guide at <a href="https://cdr.ffiec.gov/public/DownloadUBPRUserGuide.aspx">https://cdr.ffiec.gov/public/DownloadUBPRUserGuide.aspx</a>.</p> <p>UBPR users should contact the CDR helpdesk at <a href="mailto:cdr.help@cdr.ffiec.gov">cdr.help@cdr.ffiec.gov</a> or 1-888-237-3111 if they have any questions.</p>

**BSA / AML**

	<p><b>Winston &amp; Strawn <a href="#">Trump Administration Considers Requiring Banks To Collect Citizenship Information From Their Customers</a></b> (03/03/2026) – On February 24, 2026, several media outlets reported that the Trump administration is internally considering requiring banks to collect citizenship information from customers as a condition to opening or maintaining a bank account.</p>
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According to *The Wall Street Journal* and other media sources, the proposal could take the form of an executive order or administrative action, the latter potentially led by the United States Department of the Treasury and its bureau, the Financial Crimes Enforcement Network (FinCEN). As described in these media reports, financial institutions could be required to request additional documentation, such as a U.S. passport or other documentary proof of citizenship, from customers seeking to open new accounts and possibly from certain existing account holders.

Importantly, these reports are based on anonymous sources described as “people familiar with the matter.” As of the date of this alert, no executive order, proposed rulemaking, formal guidance, or public memorandum has been issued. Furthermore, no official statement has been published by the White House, the Treasury Department, FinCEN, or any other federal banking regulator confirming the existence of such an administrative initiative. White House spokesperson Kush Desai stated that “any reporting about potential policymaking that has not been officially announced by the White House is baseless speculation.”

In response to the reporting, Senator Tom Cotton (Ark) publicly expressed support on social media for an executive order that would require banks to verify citizenship status. There has been no further indication from Congress or its members regarding an intent to pursue such legislation.

#### **CURRENT LEGAL FRAMEWORK**

At present, there is no enacted policy, executive order, proposed rule, or agency guidance requiring banks to collect or verify customer citizenship status.

Under existing Customer Identification Program (CIP) requirements administered by FinCEN pursuant to the Bank Secrecy Act, banks are required to collect identifying information from customers opening accounts, including name, address, date of birth, and taxpayer identification number. CIP rules require banks to collect a copy of a government-issued, photo-bearing, unexpired identification document, which is almost always a state-issued driver license. Conceivably, and to implement a possible citizenship verification requirement, CIP rules could be amended to require banks to collect passports. However, current regulations do not require financial institutions to verify or document a customer’s citizenship status as part of the CIP process.

#### **WHAT’S NEXT?**

Although no formal policy action has been taken, institutions may wish to:

- Monitor official announcements from the White House, the Treasury Department, and FinCEN;
- Review existing CIP and Customer Due Diligence (CDD)/Know-Your-Customer (KYC) policies, procedures, and controls to assess possible implications if such a requirement is enacted; and
- Consider the potential compliance, operational, and customer-relations impacts of any future directive.

***Comment: Verifying new accounts may be the tip of the iceberg - the lack of details makes it difficult to estimate coverage or the costs of verifying new accounts or potential applicability to existing accountholders, but even under the most conservative of assumptions it would add millions of hours and billions of dollars in administrative costs to banks across the country.***

## **Deposit / Retail Operations**

FTC [NCPW - National Consumer Protection Week 2026](#) (03/02/2026) – Last week was National Consumer Protection Week (NCPW) 2026. The week kicked off the 28th year of the FTC joining with partner organizations to amplify the importance of consumer protection. The FTC is focused on delivering

messages and hosting events on how to avoid scams, how to report scams, and what to do to help recover from scams.

### [Highlights from NCPW](#)

#### Learn to Avoid Scams

Scammers have a playbook. Learn the signs of a scam to protect your wallet and personal information. Then talk about how you'll avoid them with a family member, friend, or neighbor. Maybe invite them to complete How I'll Avoid a Scam: My Action Plan with you. Encourage them to spread the word about avoiding scams. Also consider sharing advice and joining the online conversation with the #NCPW2026 hashtag.

#### Report Scams

If you spot a scam, report it to the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud). The FTC uses reports to investigate fraud and bring law enforcement cases. Reports also help the FTC know what scams to alert people about, so they can protect themselves, their friends, and their family.

#### Recover from Scams

Scammers can be very convincing and good at what they do. If you paid or sent money to someone you think is a scammer, it's always worth asking the company you used to send the money if there's a way to get it back. Try to cancel or reverse the transaction as soon as you can.

Check out [ftc.gov/ncpw](https://www.ftc.gov/ncpw) for more.

***Comment: Continue to find ways to share with your customers.***

## Human Resources

No news to report this week.

## Lending

**OCC [Rescission of 12 CFR 27, 'Fair Housing Home Loan Data System': Final Rule](#) (03/03/2025)** – The Office of the Comptroller of the Currency (OCC) is issuing a final rule rescinding 12 CFR 27, "Fair Housing Home Loan Data System." In connection with the OCC's ongoing efforts to tailor bank supervision and regulation to bank risk profile, the OCC has reviewed 12 CFR 27 (part 27) and determined that rescinding the regulation will eliminate the regulatory burden attributable to part 27 for national banks without having a material impact on the OCC's ability to conduct its fair housing–related supervisory activities.

The final rule will be effective 30 days after publication in the *Federal Register*.

#### **Note for Community Banks**

The rescinded part 27 applied to national banks and their subsidiaries.

The rescinded part 27 did not apply to federal savings associations.

#### Highlights

- The final rule rescinds and removes 12 CFR 27, "Fair Housing Home Loan Data System."

#### Background

The final rule, originally published as a proposal in the November 18, 2025, Federal Register and finalized as proposed, is a part of the OCC's ongoing efforts to tailor bank supervision and regulation to bank risk

profile. Part 27 was obsolete and largely duplicative of and inconsistent with other legal authorities that require national banks to collect and retain certain information on applications for home loans. Moreover, part 27 imposed asymmetrical data collection requirements on national banks compared with their other depository institution counterparts, and the data collected had limited utility.

For these reasons, the final rule rescinds the regulation and eliminates the regulatory burden attributable to part 27 for national banks without having a material impact on the availability of data necessary for the OCC to conduct its fair housing–related supervisory activities.

***Comment: The final rule is effective April 3, 2026.***

## Technology / Security

No news to report this week.

## Open for Comment

Included only when specific to or relevant for community banks to comment on. Date posted may not be the same as the Federal Register Date.

- 02.25.2026 **OCC [Requests Comments on Proposal to Implement GENIUS Act](#)** SUMMARY: The Office of the Comptroller of the Currency (OCC) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC’s jurisdiction. **DATES: Comments must be received by May 1, 2026.**
- 02.23.2026 **OCC [Bank Appeals Process](#)** SUMMARY: The Office of the Comptroller of the Currency (OCC) is issuing a notice of proposed rulemaking to establish revised procedures and policies for appeals of material supervisory determinations by OCC supervised entities. The proposed changes would reflect the OCC’s experience administering the bank appeals process and are intended to enhance the independence and efficiency of the appeals function. **DATES: Comments must be received on or before April 20, 2026.**
- 12.17.2025 **FDIC [Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions](#)** SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comments on a proposal that would establish procedures to be followed by an insured State nonmember bank or State savings association (each, an FDIC-supervised institution) that seeks to obtain FDIC approval to issue payment stablecoins through a subsidiary pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). **DATES: Comments must be received by the FDIC no later than May 18, 2026.**