



Community Bankers of Michigan Regulatory Dispatch

March 25, 2026

Timely news and resources community bankers can use

Agencies Request Comment on Proposals to Modernize the Regulatory Capital Framework And Maintain the Strength of the Banking System

WASHINGTON – The federal bank regulatory agencies today requested comment on three proposals to modernize the regulatory capital framework for banks of all sizes. The proposals would streamline capital requirements and better align regulatory capital with risk while maintaining the safety and soundness of the banking system.

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Following the global financial crisis, the agencies substantially increased the resilience of the banking system by increasing the quantity and quality of required loss-absorbing capital and introducing stress testing requirements for large banks. Experience over the past decade has demonstrated that certain elements of the framework could be improved without reducing safety and soundness.

The first proposal, which would primarily apply to the largest, most internationally active banks, would improve the capital framework by enhancing risk sensitivity, reducing burden, and improving consistency across banks, as well as implementing the final components of the Basel III agreement. The framework would be streamlined by having these banks use one rather than two sets of calculations to determine compliance with risk-based capital requirements. Additionally, the proposal would improve the calibration of the framework to better capture credit, market, and operational risks. All other banks could choose to adopt this proposed approach. The market risk aspect of the framework would apply only to banks with significant trading activity.

The second proposal, which would generally apply to all but the largest banks, would better align capital requirements for traditional lending activities with risk, while maintaining the framework's simplicity. Consistent with the first proposal, the second proposal would reduce disincentives for mortgage lending by modifying capital requirements for servicing and originating mortgages. Proposed modifications for mortgage servicing would also apply to banks that apply the community bank leverage ratio framework. This proposal would also require certain large banks, subject to a transition period, to reflect unrealized gains and losses on certain securities in their regulatory capital levels.

The third proposal, from the Federal Reserve Board, would improve how systemic risk is measured in the framework for determining the additional capital requirement for the largest and most complex banks.

While the agencies anticipate that the amount of overall capital in the banking system would modestly decrease as a result of these proposals, capital levels would still be substantially higher than they were before the financial crisis. In aggregate, the proposals would modestly reduce capital requirements for large banks and moderately reduce requirements for smaller banks, reflecting their more traditional lending activities.

The Federal Reserve is also publishing aggregated data used by the agencies to inform the proposals.

Comments on all three proposals must be received by June 18, 2026.

Comment: The agencies — the Federal Reserve, FDIC, and OCC — have abandoned their controversial 2023 proposal and replaced it with a streamlined framework that the regulators characterize as "modernizing" rather than tightening capital requirements. The bottom line is significant: the largest banks (GSIBs) will see their common equity tier 1 capital requirements decrease by approximately 4.8%, while smaller regional banks and community banks will see reductions of 5.2% and 7.8%, respectively.

CBM Insights

Q: Legal Lending Limit Question. LLC owned by two individuals, both with 49% ownership. One will sign a guarantee on a new loan, individually he has no current debt with bank. Second owner will not sign a guarantee but already has a large debt with the bank. Will the new loan count towards the 2nd owner's legal limit?

A: Usually, no. Under standard banking regulations, the debt of an LLC is generally treated as separate from the personal debt of its owners. However, there are specific "aggregation" rules that can change that for the purpose of determining the legal lending limit.

For example, below are the 'Combination Rules' under Part 32 – Lending Limits, specifically 12 CFR §32.5.

(a) General rule. Loans or extensions of credit to one borrower will be attributed to another person and each person will be deemed a borrower—

(1) When proceeds of a loan or extension of credit are to be used for the direct benefit of the other person, to the extent of the proceeds so used; or

(2) When a common enterprise is deemed to exist between the persons.

(b) Direct benefit. The proceeds of a loan or extension of credit to a borrower will be deemed to be used for the direct benefit of another person and will be attributed to the other person when the proceeds, or assets purchased with the proceeds, are transferred to another person, other than in a bona fide arm's length transaction where the proceeds are used to acquire property, goods, or services.

(c) Common enterprise. A common enterprise will be deemed to exist and loans to separate borrowers will be aggregated:

(1) When the expected source of repayment for each loan or extension of credit is the same for each borrower and neither borrower has another source of income from which the loan (together with the borrower's other obligations) may be fully repaid. An employer will not be treated as a source of repayment under this paragraph because of wages and salaries paid to an employee, unless the standards of [paragraph \(c\)\(2\)](#) of this section are met;

(2) When loans or extensions of credit are made—

(i) To borrowers who are related directly or indirectly through common control, including where one borrower is directly or indirectly controlled by another borrower; and

(ii) Substantial financial interdependence exists between or among the borrowers. Substantial financial interdependence is deemed to exist when 50 percent or more of one borrower's gross receipts or gross expenditures (on an annual basis) are derived from transactions with the other borrower. Gross receipts and expenditures include gross revenues/expenses, intercompany loans, dividends, capital contributions, and similar receipts or payments;

(3) When separate persons borrow from a national bank or savings association to acquire a business enterprise of which those borrowers will own more than 50 percent of the voting securities or voting interests, in which case a common enterprise is deemed to exist between the borrowers for purposes of combining the acquisition loans; or

(4) When the appropriate Federal banking agency determines, based upon an evaluation of the facts and circumstances of particular transactions, that a common enterprise exists.

Source [link](#).

Bank Management

[OCC Opens Registration for Community Bank Director and Senior Management Workshop](#) (03/19/2026)

– WASHINGTON—The Office of the Comptroller of the Currency (OCC) opened registration for its 2026 schedule of in-person workshops for board directors and senior management of national community banks and federal savings associations.

The continuation of these community bank focused workshops builds on the OCC's intentional efforts to support community banks through dedicated educational opportunities. Under Comptroller of the Currency Jonathan V. Gould's leadership, the OCC announced a series of actions to tailor its regulatory and supervisory framework to reduce the burden for community banks and promote economic growth.

"Community banks play a critical role in expanding access to financial services and supporting the economic vitality of the communities they serve," said Comptroller Gould. "Ongoing education for directors and senior management—including participation in OCC Workshops for Community Bank Directors and Senior Management—strengthens board oversight, promotes effective governance, and supports the safe and sound operation of community banking organizations."

The OCC examiner-led workshops are limited to 25 participants and provide practical training and guidance to directors and senior management of national community banks and federal savings associations to support the safe and sound operation of community-based financial institutions.

The OCC offers six day-long workshops:

- Building Blocks: Strong Management – Ready and Responsible
- Risk Governance: Strategic Oversight for Evolving Risks
- Compliance Risk: Understand the Rules, Act Responsibly
- Credit Risk: Recognize and Respond to Risk
- Operational Risk: Navigate Rapid and Wide-Ranging Changes
- Asset Management: Manage Risk, Maximize Return

The OCC is also offering a half-day workshop, Capital Markets: Keep Current and Consider Risk. This workshop covers balance sheet management risks, as well as hot topics and risk themes for bankers and regulators in the capital markets area.

Visit the [OCC's website](#) to view the schedule, workshop locations, cost and fee waiver information, and to register online. For assistance with additional questions about the workshops, contact the OCC Bank Director Workshop Team at (202) 649-6490 or bankdirectorworkshop@occ.treas.gov.

Comment: These programs are excellent learning opportunities for national bank directors and senior management.

BSA / AML

[FinCEN Issues Frequently Asked Questions and Responses on Southwest Border Geographic Targeting Order](#) (03/19/2026) –The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) published frequently asked questions and responses regarding its [recently issued Geographic Targeting Order \(GTO\)](#), aimed at further combating the illicit activities and money laundering of Mexico-based cartels and other criminal actors along the southwest border of the United States. The GTO subjects certain money services businesses—which provide financial services outside of a formal bank—to enhanced reporting requirements with FinCEN.

Resources

- [Frequently Asked Questions](#)

Comment: The GTO requires MSBs located in designated counties and ZIP codes in Arizona, California, New Mexico, and Texas to report cash transactions between \$1,000 and \$10,000. These reports must be filed on a Currency Transaction Report (CTR) within 30 days, an extension from the standard 15-day CTR deadline. The GTO also requires MSBs to verify customer identity consistent with 31 C.F.R. § 1010.312 and to retain all related records for five years. For visibility and awareness.

Deposit / Retail Operations

No news to report this week.

Human Resources

No news to report this week.

Lending

No news to report this week.

Technology / Security

[CISA and FBI Release Public Service Announcement About Russian Intelligence Services Targeting Commercial Messaging Apps](#) (03/20/2026) – CISA and the Federal Bureau of Investigation released a Public Service Announcement (PSA) warning about ongoing phishing campaigns by cyber actors associated with the Russian Intelligence Services targeting commercial messaging applications (CMAs). These campaigns aim to bypass encryption to compromise individual user accounts with targets including current and former U.S. government officials, military personnel, political figures, and journalists.

Evidence shows that cyber actors have been able to compromise individual CMA accounts, but not encryption of the applications themselves. The actors’ global campaigns have resulted in unauthorized access to thousands of individual CMA accounts to view the victims’ messages and contact lists, send messages, and conduct additional phishing against other CMA accounts.

CISA and FBI urge CMA users to review the PSA, follow recommended cybersecurity practices, and remain vigilant for suspicious activity.

Comment: Find ways to alert your accountholders and staff about this and other phishing campaigns.

CISA [Urges Endpoint Management System Hardening After Cyberattack Against US Organization](#)

(03/18/2026) – CISA is aware of malicious cyber activity targeting endpoint management systems of U.S. organizations based on the March 11, 2026 cyberattack against U.S.-based medical technology firm Stryker Corporation, which affected their Microsoft environment.¹ To defend against similar malicious cyber activity, CISA urges organizations to harden endpoint management system configurations using the recommendations and resources provided in this alert. CISA is conducting enhanced coordination with federal partners, including the Federal Bureau of Investigation (FBI), to identify additional threats and determine mitigation actions.

To defend against similar malicious activity that misuses legitimate endpoint management software, CISA urges organizations to implement Microsoft’s newly released [best practices for securing Microsoft Intune](#); the principles of these recommendations can be applied to Intune and more broadly to other endpoint management software:

- **Use principles of least privilege when designing administrative roles.**
 - Leverage Microsoft Intune’s role-based access control (RBAC) to assign the minimum permissions necessary to each role for completing day-to-day operations—permissions include what actions the role can take, and what users and devices it can apply that action to.
- **Enforce phishing-resistant multi-factor authentication (MFA) and privileged access hygiene.**
 - Use Microsoft Entra ID capabilities (including Conditional Access, MFA, risk signals, and privileged access controls) to block unauthorized access to privileged actions in Microsoft Intune.
- **Configure access policies to require [Multi Admin Approval in Microsoft Intune](#).**
 - Set up policies that require a second administrative account’s approval to allow changes to sensitive or high-impact actions (such as device wiping), applications, scripts, RBAC, configurations, etc.

Additionally, CISA recommends reviewing the following resources to strengthen defenses against similar malicious cyber activity:

- Microsoft resources:
 - For recommendations on securing Microsoft Intune, see [Best practices for securing Microsoft Intune](#).
 - For guidance on implementing Multi Admin Approval in Microsoft Intune, see [Use Access policies to implement Multi Admin Approval](#).
 - For recommendations on configuring Microsoft Intune using zero trust principles, see [Configure Microsoft Intune for increased security](#).
 - For guidance on implementing Microsoft Intune RBAC policies, see [Role-based access control \(RBAC\) with Microsoft Intune](#).
 - For guidance on deploying Privileged Identity Management (PIM) across Microsoft Intune, Entra ID, and other Microsoft software, see [Plan a Privileged Identity Management deployment](#).

- CISA resources:
 - For guidance on implementing phishing-resistant multifactor authentication (MFA), see [Implementing Phishing-Resistant MFA](#).

Comment: Share this with your IT department. Also, continue to train, train, and retrain staff.

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.

- 03.19.2026 **Joint** [Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets](#) SUMMARY: The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are proposing to modify certain aspects of the regulatory capital rule (the proposal). The proposal would revise the riskbased capital treatment of certain exposure categories under the standardized approach, focusing on improving the calibration and risk sensitivity of risk weights that are particularly material to covered banking organizations' lending activities. The proposal would also modify the definition of regulatory capital by removing the threshold-based deduction for mortgage servicing assets for all banking organizations subject to the regulatory capital rule, including Page 2 of 436 banking organizations subject to the community bank leverage ratio framework. In addition, the proposal would require Category III and IV banking organizations to recognize most elements of accumulated other comprehensive income in their regulatory capital. The agencies are concurrently publishing a separate proposal, which would require Category I and II banking organizations to use a new framework to calculate risk-weighted assets, called the expanded risk-based approach and would allow other banking organizations to elect to use the expanded risk-based approach. **DATES: Comments must be received by June 18, 2026.**
- 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.**