Regulatory Dispatch

Timely news and resources community bankers can use

Agencies Issue Joint Proposal to Rescind 2023 Community Reinvestment Act Final Rule

WASHINGTON - Federal bank regulatory agencies jointly issued a proposal to rescind the Community Reinvestment Act (CRA) final rule issued in October 2023 and replace it with the prior CRA regulations that were originally adopted by the agencies in 1995, with certain technical amendments. If adopted, the proposal would restore certainty in the CRA framework for stakeholders in light of pending litigation and limit regulatory burden on banks, while ensuring that banks continue to serve their communities.

Because the 2023 final rule is subject to legal action and has not taken effect, the agencies continue to apply the 1995 regulations to banks today.

Comments on the attached proposal are due 30 days after date of publication in the Federal Register.

Comment: These updated provisions include:

- ***The definition of "small bank" is updated to include those with assets of less than $402 million as of December 31 of either of the prior two calendar years. "Intermediate small banks" are defined as those with assets between $402 million and $1.609 billion. "Large banks" are those with assets over $1.609 billion. These thresholds are critical for determining the appropriate CRA performance tests and standards applicable to each bank category.***

- ***Amendments to align asset-size thresholds with inflation adjustments, based on the annual percentage change in the Consumer Price Index. The asset-size thresholds set forth in this proposed rule are accurate through December 31, 2025, as detailed in the relevant Federal Register notices and OCC bulletins. By incorporating inflation adjustments, the agencies aim to provide a stable and predictable regulatory environment that reflects the economic realities faced by banks.***

- ***Different methods for evaluating a bank's CRA performance based on its asset size and business strategy. Small banks are primarily evaluated under a lending test, with the potential to receive an "outstanding" rating based on their retail lending performance. Intermediate small banks undergo both a lending test and a community development test, which evaluates all community development activities combined. Large banks are subject to separate lending, investment, and service tests, requiring annual reporting of data on community development loans, small business loans, and small farm loans.***

This comprehensive evaluation framework ensures that banks of all sizes are assessed fairly and consistently, promoting transparency and accountability in meeting community credit needs.

Bank Management

	CSBS Stablecoin Framework Must be Sustainable (07/17/2025) – **Washington, D.C.** – *Conference of State Bank Supervisors (CSBS) President and CEO Brandon Milhorn Statement on House Passage of the GENIUS Act:* "A national regulatory framework for stablecoins is a vital precondition for a broader, innovative digital asset ecosystem in the United States. The GENIUS Act is a historic, bipartisan effort to accomplish this goal. We appreciate congressional support for many amendments requested by state supervisors to improve the final bill, particularly changes that promote parity for state-approved stablecoin issuers and narrow the scope of authorized activities for all stablecoin issuers. These adjustments will help promote financial stability, protect consumers, and limit the competitive consequences for the nation's banks. To further improve the national stablecoin framework, we urge Congress to make additional critical changes to the GENIUS Act in future digital asset legislation." Earlier this week, CSBS sent a letter to House and Senate leaders requesting additional amendments to the GENIUS Act, specifically: • Eliminate Section 16(d) of the GENIUS Act, which would prevent host state approval and supervision of the money transmission and custody activities of uninsured banks with payment stablecoin subsidiaries – a dramatic intrusion on state authority that is unnecessary and unrelated to the purpose of the legislation. • Amend Section 5(h) of the GENIUS Act to restore a state's full authority to approve and supervise the activities of a permitted payment stablecoin issuer that is the subsidiary of a state-chartered bank, and • Amend Section 4(b)(1) to clarify that state consumer protection laws are not preempted. State supervisors look forward to working with Congress on these crucial changes.
	FRB AI: A Fed Policymaker's View - Governor Lisa D. Cook (07/17/2025) – *Responsible AI Adoption* *I want to start by stressing that any organization engaging with this technology should take a thoughtful and structured approach to AI adoption. I can offer four guiding principles for what I view as responsible AI adoption.* *First and foremost is establishing strong governance and risk management. A central tenet of good governance should be the mindset that humans are in the loop, because it ensures that people guide AI rather than allow AI to guide us. In a speech last year, I told a story about how Benjamin Franklin lost a game of chess to a machine called the "Mechanical Turk"6 Of course, there was a human chess master hidden inside. What might seem like a*

silly tale contains an important lesson for organizations and governments deploying AI: Like the Mechanical Turk, ultimately the human inside the machine is still in charge. Relatedly, organizations also must be careful about privacy, cybersecurity, and leakage of confidential and internal information.

A second principle is that education and training of staff are critical to get and keep employees at the technological frontier. A third principle is empowerment. Teams within organizations should be encouraged to learn by doing and engage hands-on with AI technologies in controlled environments. Finally, a fourth principle is experimentation. Organizations should maintain a spirit of openness while retaining the ability to halt projects that do not meet rigorous standards.

…snip

The Speed of Adoption
Our experience with AI at the Fed is also informative about why we are not seeing more widespread adoption of AI in the economy, despite its remarkable pace of improvement and the apparently large potential economic gains.

First, as in all industries grappling with AI, the workforce must be trained to take advantage of a rapidly changing technology that is strikingly different from previous technologies. Often, the premise of technology has been to automate routine tasks where the steps involved are predetermined. The premise of AI is different from technologies of the past. AI promises to augment areas of work involving human judgement, which do not follow any predetermined steps. Thus, education and training must evolve.

Second, large organizations learn to use new tools through hands-on experimentation and shared experiences, and it takes time for the knowledge to diffuse. Some of these are planned and organized, while others are more organic and spontaneous. For example, earlier this year, the Board hosted an AI expo where AI early adopters shared their experiences with AI and innovative AI use cases. Events such as this showcase cross-functional, cross-organizational collaboration among participants throughout the Federal Reserve System and demonstrate how AI-driven solutions could address challenges in areas such as economic analysis, financial stability, and operations. These venues provide excellent avenues for sharing successes and failures in trying out different use cases and, in many cases, enable the broader community to engage with prototypes of AI applications. In addition to demystifying AI and encouraging its use, these events try to establish and promote cultural norms of responsible AI usage, which generates ideas related to the types of problems AI is better or worse at solving.

Finally, organizations will also have a rational desire to be selective about which advances to adopt when the technology is rapidly changing. For example, we are seeing that some highly effective prompting strategies for older models are no longer necessary for thinking models. As with any new general-purpose technology, there is likely to be an extended period of learning by doing. This will be particularly important for the high-profile LLM models. With these models, even the developers are not fully aware of their capabilities, and organizations, including the Fed, learn about their abilities and limitations only once they are put to use.

Comment: In June, the Treasury Department requested information on the use of artificial intelligence in financial services. The RFI states: "Treasury welcomes input on any matter that commenters believe is relevant to Treasury's efforts to understand the uses, opportunities, and risks of AI in financial services. Treasury is interested in gathering information from a broad set of stakeholders in the financial services ecosystem, including those providing, facilitating, and receiving financial products and services, as well as consumer and small business advocates, academics, nonprofits, and others interested in providing information to Treasury on potential opportunities and risks related to the use of AI in financial services."

FRB Beige Book (07/16/2025) – National Summary

Overall Economic Activity
Economic activity increased slightly from late May through early July. Five Districts reported slight or modest gains, five had flat activity, and the remaining two Districts noted modest declines in activity. That represented an improvement over the previous report, in which half of Districts reported at least slight declines in activity. Uncertainty remained elevated, contributing to ongoing caution by businesses. Nonauto consumer spending declined in most Districts, softening slightly overall. Auto sales receded modestly on average, after consumers had rushed to buy vehicles earlier this year to avoid tariffs. Tourism activity was mixed, manufacturing activity edged lower, and nonfinancial services activity was little changed on average but varied across Districts. Loan volume increased slightly in most Districts. Construction activity slowed somewhat, constrained by rising costs in some Districts. Home sales were flat or little changed in most Districts, and nonresidential real estate activity was also mostly steady. Activity in the agriculture sector remained weak. Energy sector activity declined slightly, and transportation activity was mixed. The outlook was neutral to slightly pessimistic, as only two Districts expected activity to increase, and others foresaw flat or slightly weaker activity.

Labor Markets
Employment increased very slightly overall, with one District noting modest increases, six reporting slight increases, three no change, and two noting slight declines. Hiring remained generally cautious, which many contacts attributed to ongoing economic and policy uncertainty. Labor availability improved for many employers, with further reductions in turnover rates and increased job applications. A growing number of Districts cited labor shortages in the skilled trades. Several Districts also mentioned reduced availability of foreign-born workers, attributed to changes in immigration policy. Employers in a few Districts ramped up investments in automation and AI aimed at reducing the need for additional hiring. Wages increased modestly overall, extending recent trends, with reports that ranged from flat wages to moderate growth. Although reports of layoffs were limited in all industries, they were somewhat more common among manufacturers. Looking ahead, many contacts expected to postpone major hiring and layoff decisions until uncertainty diminished.

Prices

Prices increased across Districts, with seven characterizing price growth as moderate and five characterizing it as modest, mostly similar to the previous report. In all twelve Districts, businesses reported experiencing modest to pronounced input cost pressures related to tariffs, especially for raw materials used in manufacturing and construction. Rising insurance costs represented another widespread source of pricing pressure. Many firms passed on at least a portion of cost increases to consumers through price hikes or surcharges, although some held off raising prices because of customers' growing price sensitivity, resulting in compressed profit margins. Contacts in a wide range of industries expected cost pressures to remain elevated in the coming months, increasing the likelihood that consumer prices will start to rise more rapidly by late summer.

FRB Booms and Busts and the Regulatory Cycle - Governor Michael S. Barr (07/16/2025) – ***Lessons for Policymakers -*** *Reviewing these three examples together, it is striking to see the pattern of regulatory weakening during a boom, including the failure of the regulatory environment to keep pace with the evolving financial sector, and how this weakening lays the foundation for a subsequent bust. Why do we continue to see these cycles?*

Some reasons are psychological, others political. Humans have short memories, especially for experiences we might like to forget. The further we get from a crisis, the more its causes fade from memory and the less likely a recurrence seems. We become more likely to view regulations as unduly burdensome and place less value on the protection they offer from downside risk. The financial sector itself lobbies hard to weaken regulation, which is often effective when the last crisis seems far away.

Credit cycles, financial innovation, and the evolving needs of the economy are also significant contributors. As the economy changes, so do financing needs. This makes it harder to recognize when things are running too hot. In addition, regulators are understandably cautious about restraining innovations that have societal benefits, which may hinder their ability to reduce associated risks. Longstanding regulations can be subject to regulatory arbitrage, making them less effective as activities migrate outside the regulated system. These dynamics make the financial sector unstable, feeding the boom-and-bust cycle.

How can we do better?

The first lesson is to approach the financial system with a through-the-cycle perspective and avoid thinking "this time is different." In each of the booms I have covered, there was a heady confidence that market discipline would control risk-taking, that downside risks were so implausible as not to merit attention, and that easing regulation was justified. With such confidence, insufficient thought was given to how regulatory weakening might create new vulnerabilities. A bit of humility would have helped. While it is true that regulation must evolve with the economy and financial system, we need to recognize that relaxing rules can create vulnerabilities. Changes in the markets themselves can also weaken the effectiveness of regulations.

The second lesson is that policymakers should resist the pressure to loosen regulations or to refrain from imposing regulation on new activities during the boom times. With past *economic downturns in the rearview mirror, regulations start to be seen as a limitation on growth, rather than necessary protection against vulnerabilities. As became evident in past episodes, vigilant supervision and prudent rules on risk-taking are important to prevent future crises. While there is a tradeoff, it is important to have appropriate protections in place to reduce the risks and costs of the resulting busts.*

Third, regulation cannot be static. If regulation fails to keep up with evolution of the financial sector, it can create new risks or hinder growth.

To conclude, an important lesson we can draw from U.S. financial crises is the role that ill-advised weakening of the bank regulatory framework played in those crises. It is well within our ability, and is our duty as regulators, to learn from these episodes to avoid making the same mistakes. In doing so, we can help to ensure that the financial system is prepared to weather downturns and continue to serve households and businesses.

Comment: Barr outlined three key lessons for policymakers: maintain a through-the-cycle perspective rather than believing "this time is different"; resist pressure to loosen regulations during boom times; and ensure regulation evolves with the financial sector.

FDIC Board of Directors Approves Notice of Proposed Rulemaking on the Establishment and Relocation of Branches and Offices (07/15/2025) – WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a notice of proposed rulemaking to streamline the processes for the establishment and relocation of domestic branches and offices. The proposed rule is intended to improve the speed and certainty of, and reduce the regulatory burden associated with, the filing process under 12 CFR part 303 of the FDIC Rules and Regulations.

The proposed rule would apply to insured state non-member banks applying to establish a branch or relocate a main office or branch, and to insured branches of a foreign bank applying to move from one location to another. Key elements of the proposed rule include:

- providing that filings from institutions eligible for expedited processing will be deemed approved three business days after submission;
- eliminating the FDIC's discretion to remove filings from expedited processing;
- eliminating filing requirements for *de minimis* branch facility changes; and
- eliminating public notice and public comment requirements.

Interested parties may submit written comments on the proposed rule up until 60 days after publication in the *Federal Register*.

Attachment(s)
Notice of Proposed Rulemaking on Establishment and Relocation of Branches and Offices (PDF)

	FDIC Proposes Regulatory Threshold Adjustments and Indexing to Reflect Inflation (07/15/2025) – WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a notice of proposed rulemaking (NPR) that would update certain regulatory thresholds to reflect historical inflation, including those under 12 CFR part 363 related to annual independent audit and reporting requirements, and adjust those thresholds in the future based on a proposed indexing methodology. FDIC regulations use thresholds, such as total assets, to determine applicability of regulatory requirements and allow the FDIC to differentiate and tailor regulatory requirements based on an institution's size, risk profile, and level of complexity. The changes set forth in the proposal would help to provide a more durable framework preserving, in real terms, certain regulatory thresholds and thereby avoiding unintended and undesirable policy consequences. This proposal is the first of a multi-phase effort to reevaluate thresholds within the FDIC's regulations. The FDIC expects to solicit comment on one or more subsequent proposals to adjust additional thresholds. Comments on the proposed rule will be accepted for 60 days after publication in the Federal Register. Attachment(s) Notice of Proposed Rulemaking (PDF) ***Comment: IBAT endorsed service provider Clifton Larson Allen did an excellent write-up entitled FDIC Proposes Major Revisions to Part 363: Explore the Impacts.***
	FDIC Board of Directors Proposes to Establish Office of Supervisory Appeals (07/15/2025) – WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a proposal that would amend the agency's Guidelines for Appeals of Material Supervisory Determinations. Through this proposal, the FDIC would replace the existing Supervision Appeals Review Committee (SARC) with an independent, standalone office within the FDIC, known as the Office of Supervisory Appeals (Office). "Establishing the office as a standalone entity within the FDIC whose sole function is to resolve appeals would ensure that reviewing officials have the capacity to review each case with the proper level of attention and diligence, and would be scalable should the volume of appeals increase," said Acting FDIC Chairman Travis Hill. Under the proposed framework, the Office would be established as the final level of review of material supervisory determinations, independent of the Divisions that make supervisory determinations. The Office would be staffed by reviewing officials who have a deep understanding of banking and direct experience with the supervisory process, and may include former government officials and industry professionals. The FDIC believes that these changes would facilitate a robust, independent supervisory appeals process that would be consistent over time.

	Public comments on the proposal are due 60 days after publication in the Federal Register. Attachment(s) Notice regarding Proposed Amendments to FDIC Guidelines for Appeals of Material Supervisory Determinations (PDF) ***Comment: The Riegle Community Development and Regulatory Improvement Act of 1994 requires the FDIC to establish an independent intra-agency appellate process to review supervisory determinations made at banks while supervised by the FDIC. The FDIC now seeks to reinstate the Office to enhance the independence and expertise of the appeals process, address stakeholder concerns, and ensure that appeals are reviewed by individuals with deep banking and supervisory experience, while maintaining compliance with statutory requirements.***
	FDIC Financial Institution Letter: Consolidated Reports of Condition and Income for Second Quarter 2025 (07/15/2025) – SUMMARY: The attached materials pertain to the Consolidated Reports of Condition and Income (Call Report) for the June 30, 2025, report date and provide guidance on certain reporting issues. This Financial Institution Letter and the attached Supplemental Instructions should be shared with the individual(s) responsible for preparing the Call Report at your institution. Please plan to complete as early as possible the preparation, editing, and review of your institution's Call Report data and the submission of these data to the agencies' Central Data Repository (CDR). Starting your preparation early will help you identify and resolve any edit exceptions before the submission deadline. If you later find that certain information needs to be revised, please make the appropriate changes to your Call Report data and promptly submit the revised data file to the CDR. STATEMENT OF APPLICABILITY: This Financial Institution Letter (FIL) applies to all FDIC-insured financial institutions.

Deposit / Retail Operations

	Joint Agencies Issue Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping (07/14/2025) – Federal bank regulatory agencies issued a joint statement in their continued efforts to provide clarity on banks' engagement in crypto-asset-related activities. The statement highlights for banks potential risk-management considerations related to holding crypto-assets on their customers' behalf, or crypto-asset safekeeping. The joint statement discusses existing risk-management principles that apply to crypto-asset safekeeping and reminds banks that provide or are considering providing safekeeping of such assets that they must do so in a safe and sound manner and in compliance with applicable laws and regulations.

The statement does not create any new supervisory expectations. The agencies continue to explore ways to provide additional clarity with respect to banks' engagement in crypto-asset-related activities.

Attachment(s)
Interagency Statement on Crypto-Asset Safekeeping (PDF)

Comment: A banking organization should consider potential risks prior to offering cryptoasset safekeeping, taking into account the banking organization's:

- ***core financial risks given its strategic direction and business model;***
- ***ability to understand a complex and dynamic asset class;***
- ***ability to establish and maintain a robust internal control environment; and***
- ***contingency plans to manage unforeseen challenges in effectively providing services.-***

Banking Agencies Issue Joint Statement on Risk-Management Considerations for Cryptoasset Safekeeping – Latham & Watkins

FTC Spot and Avoid FEMA Impersonators (07/14/2025) – Scammers know natural disasters create opportunities to take advantage of people. One way they do that is by impersonating Federal Emergency Management Agency (FEMA) officials to steal people's money and personal information. FEMA impersonators often show up, call, or text people after a weather emergency and offer services like disaster grants or home inspections for a fee, usually cash up front. But these are scams: FEMA doesn't charge people for disaster assistance.

Here's how to spot and avoid FEMA impersonators to help keep your finances and identity safe during and after a weather emergency.

- **Know that FEMA employees will never ask for money** for inspections, disaster assistance, debris removal, grants, help with applications, or appeals. FEMA inspectors will not ask for your banking information. And anyone who says they work for FEMA but asks for money or financial information is a scammer.
- **Verify their identity.** FEMA staff and their contractors always wear an official badge with their name and photo on it. But scammers sometimes make fake badges or wear FEMA-branded clothing. If you're unsure about someone claiming to be a FEMA representative, contact FEMA directly at 1-800-621-FEMA (3362).
- **Don't respond to unexpected calls and texts.** If you get unexpected calls or texts from people claiming to be from FEMA, but you've never applied for FEMA disaster assistance, it's highly likely to be a scam. FEMA only contacts people who've contacted them or applied for FEMA disaster assistance, and the agency never sends texts demanding money or personal information.

Download the FEMA Mobile App to get alerts and information and learn more about how to spot and avoid other disaster-related scams at ftc.gov/WeatherEmergencies.

	Comment: 'The Better Business Bureau warned that scammers are using increasingly sophisticated methods to extract money from would-be donors. Jason Meza, a senior director of communications with the Better Business Bureau, said they are seeing an emerging threat from cyber criminals using artificial intelligence. They are cloning websites and replacing, switching bank account links and hijacking comment sections in Meta stories. By harnessing AI, scammers can swiftly implement these tactics on the web.' – KXAN News.

Technology / Security

CISA Microsoft Releases Guidance on Exploitation of SharePoint Vulnerability (CVE-2025-53770) (07/20/2025) – CISA is aware of active exploitation of a new remote code execution (RCE) vulnerability enabling unauthorized access to on-premise SharePoint servers. While the scope and impact continue to be assessed, the new Common Vulnerabilities and Exposures (CVE), CVE-2025-53770, is a variant of the existing vulnerability CVE-2025-49706 and poses a risk to organizations. This exploitation activity, publicly reported as "ToolShell," provides unauthenticated access to systems and enables malicious actors to fully access SharePoint content, including file systems and internal configurations, and execute code over the network.

CISA recommends the following actions to reduce the risks associated with the RCE compromise:

- Configure Antimalware Scan Interface (AMSI) in SharePoint and deploy Microsoft Defender AV on all SharePoint servers.
  - If AMSI cannot be enabled, disconnect affected products from service that are public-facing on the internet until official mitigations are available. Once mitigations are provided, apply them according to CISA and vendor instructions.
  - Follow the applicable BOD 22-01 guidance for cloud services or discontinue use of the product if mitigations are not available.
- For information on detection, prevention, and advanced threat hunting measures, see Microsoft's Customer Guidance for SharePoint Vulnerability and advisory for CVE-2025-49706. Organizations are encouraged to review all articles and security updates published by Microsoft on July 8, 2025, relevant to the SharePoint platform deployed in their environment.
- Monitor for POSTs to /_layouts/15/ToolPane.aspx?DisplayMode=Edit

	▪ Conduct scanning for IPs 107.191.58[.]76, 104.238.159[.]149, and 96.9.125[.]147, particularly between July 18-19, 2025. ▪ Update intrusion prevention system and web-application firewall rules to block exploit patterns and anomalous behavior. For more information, see CISA's [Guidance on SIEM and SOAR Implementation](#). ▪ Implement comprehensive logging to identify exploitation activity. For more information, see CISA's [Best Practices for Event Logging and Threat Detection](#). ▪ Audit and minimize layout and admin privileges. ***Comment: The company noted that the vulnerability impacts companies using Microsoft's software to host their own servers, and customers relying on Microsoft's 365 cloud services have not been affected. The vulnerability has been exploited by hackers to carry out "active attacks" globally on various entities, including businesses and U.S. federal agencies, prompting the software giant to issue an emergency patch. In its advisory, the company advises affected users to "consider disconnecting your server from the internet until a security update is available."***

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

07.03.2025 **OCCC** ADVANCE RULE REVIEW NOTICE Rules for Property Tax Lenders The is seeking your input in reviewing the rules in Texas Administrative Code, Title 7, Chapter 89, relating to property tax lenders. Rule review is a standard process that occurs at least once every four years for each of the OCCC's rules. During rule review, the OCCC and the Texas Finance Commission review rules to determine whether they should continue to exist and whether they should be amended or updated. **The OCCC invites stakeholders to send informal feedback on these rules until July 31, 2025.**

06.18.2025 **CFPB** Small Business Lending Under the Equal Credit Opportunity Act (Regulation B); Extension of Compliance Dates **SUMMARY**: In light of court orders in ongoing litigation, the Consumer Financial Protection Bureau (CFPB or Bureau) is amending Regulation B to extend the compliance dates set forth in its 2023 small business lending rule, as amended by a 2024 interim final rule, and to make other date-related conforming adjustments. **DATES: This interim final rule is effective July 18, 2025. Comments must be received on or before July 18, 2025.**

06.16.2025 **Joint** Request for Information on Potential Actions to Address Payments Fraud **SUMMARY**: The Office of the Comptroller of the Currency (OCC), Treasury; the Board of Governors of the Federal Reserve System (Board); and the Federal Deposit Insurance Corporation (FDIC) seek public input on questions related to payments fraud. This request for information (RFI) offers the opportunity for interested stakeholders to identify ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions collectively or independently in their varying respective roles to help consumers, businesses, and financial institutions mitigate check, automated clearing house (ACH), wire, and instant payments fraud. **DATES: Comments must be received by September 18, 2025.**

05.22.2025 **FinCEN** Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of Prohibition on Correspondent Accounts for Foreign Shell Banks; Records Concerning Owners of Foreign Banks and Agents for Service of Legal Process **SUMMARY**: As part of its continuing effort to reduce paperwork and respondent burden, FinCEN invites comments on the proposed renewal, without change, of certain existing information collection requirements found in Bank Secrecy Act (BSA) regulations applicable to certain covered financial institutions. Under these regulations, among other requirements, a covered financial institution is prohibited from establishing, maintaining, administering, or managing correspondent accounts in the United States for or on behalf of a foreign shell bank. The regulations require that a covered financial institution take reasonable steps to ensure that any correspondent account that it establishes, maintains, administers, or manages in the United States for a foreign bank is not used by the foreign bank to indirectly provide banking services to a foreign shell bank. The regulations also mandate that a covered financial institution that maintains a correspondent account in the United States for a foreign bank retain records in the United States identifying the owners of each such foreign bank whose shares are not publicly traded, unless the foreign bank files a Form FR-Y with the Federal Reserve Board identifying the current owners of the foreign bank, and the name and street address of a person who resides in the United States and is authorized, and has agreed to be an agent to accept service of legal process for records regarding each such correspondent account. This request for comments is made pursuant to the Paperwork Reduction Act of 1995. **DATES: Written comments are welcome and must be received on or before July 21, 2025.**