

RFA Outlook: October 2025

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Big Picture Items

Government Shutdown Update

It is day six of the government shutdown with no signs of a breakthrough. The Senate is set to vote again this evening, while House Republican leadership has opted to remain in recess through this week. Negotiations remain frozen as both parties hold firm, Republicans insisting that talks on ACA subsidies should occur only after the government reopens, and Democrats refusing to trust post-reopening promises. At the center of the government funding standoff are the enhanced premium tax credits for Affordable Care Act (ACA) plans, which expire at the end of this year. Democrats view extending these subsidies as their most viable demand, but Republican resistance remains strong. Objections range from cost and pandemic-era origins to abortion-related provisions to not wanting to address this issue through spending bills. Even with moderate Republican senators and members of the Problem Solvers Caucus exploring bipartisan solutions, no clear compromise has emerged. GOP leaders maintain that any agreement will require President Trump's direct involvement.

We tend to believe that a deal could be made within the next week and a half, especially with more moderate Democrats who do not want to see the shutdown continue. We will be paying attention early this week as to whether there are any additional Democrats who vote to support the Continuing Resolution and start to approach the 8 votes needed. One additional complicating factor is if President Trump and OMB Director Russell Vought embark on widespread layoffs, this could lead to Democrats becoming more steadfast in their position.. RFA will provide updates as the government shutdown plays out.

National Flood Insurance Program (NFIP)

The National Flood Insurance Program's (NFIP) authority lapsed on September 30th, posing one of the shutdown's most pressing risks for the financial services sector. Without an extension, home sales in high-risk areas during hurricane season are closing without flood coverage. Sen. John Kennedy (R-LA) prepared a unanimous consent request to extend NFIP but withheld it amid an expected objection from Sen. Rand Paul (R-KY). Lawmakers do not anticipate near-term resolution. The lapse has become increasingly routine, with both parties citing frustration at repeated short-term fixes. The Federal Emergency Management Agency (FEMA), which oversees the NFIP, can still process and pay out existing flood insurance claims even during a lapse in coverage, provided that sufficient funds are available. As of September 18th, the National Flood Insurance Fund held \$601 billion, while the reserve fund had \$1.14 billion, according to the Congressional Research Service.

Cybersecurity Information Sharing Act (CISA)

The Cybersecurity Information Sharing Act of 2015 expired on September 30th after Congress failed to reauthorize it amid the broader funding impasse. The law, which provided liability protections to encourage companies to share cyber threat data with the federal government, lapsed when Senate negotiations broke down. Sen. Gary Peters (D-MI) sought a clean 10-year reauthorization, but Chairman Rand Paul (R-KY) blocked renewal without broader reforms. In the House, Homeland Security Committee Chairman Andrew Garbarino (R-NY) included a short-term extension through November 21 in the continuing resolution, but the measure did

not advance in the Senate. With the statute expired, liability protections for private-sector participants have ended, raising uncertainty for continued industry cooperation in federal cyber threat-sharing programs amid elevated cybersecurity risks.

Policy Updates

NDAAs Outlook

The shutdown has also sidelined Senate work on the FY26 National Defense Authorization Act. The House passed its version in September, while the Senate is still working through amendments with an effort to put it up for floor consideration. To keep on track for a final bill by Thanksgiving, Senate Armed Services leaders may abandon floor consideration and begin informal negotiations with the House, repeating the approach taken last year. We are closely watching amendments related to Outbound investment screens, and the Banking Committee's ROAD to Housing Act, for possible inclusion.

Digital Assets

With negotiations between Senate Banking Committee Republicans and Democrats ongoing even during the government shutdown, it has proven difficult to resolve the outstanding issues on market structure legislation. Senate Banking Republicans have met with Democratic offices who released principles though the discussions remain pretty high level. A markup could still come together, with Chairman Scott (R-SC) targeting October 20th or 27th depending on the pace and progress of negotiations, but a bipartisan agreement seems unlikely in the next few weeks. The Senate Agriculture Committee is expected to release its draft bill this month, but their work on market structure has been much slower than the Banking Committee.

Deposit Insurance

The proposal from Sen. Bill Hagerty (R-TN) and Sen. Angela Alsobrooks (D-MD) to raise deposit insurance caps for business checking accounts at banks with less than \$250 billion in assets has drawn bipartisan interest in both the House and Senate. The House Financial Services Committee scheduled a hearing on deposit insurance reform for this week but has been postponed and will be a priority for the Committee to reschedule after the shutdown ends. As Sens. Alsobrooks and Hagerty prepare to release an updated draft of their deposit insurance proposal in the coming weeks, Senate Banking Committee Chairman Scott requested information from the FDIC regarding uninsured deposits and the potential costs of increasing the deposit insurance limit by October 20th. This issue remains a priority of the Treasury Department.

Congressional Activity

House Financial Services Committee

The hearing schedule announced ahead of the government shutdown for the House Financial Services Committee included full Committee hearings on artificial intelligence, deposit insurance reforms, housing, and a hearing with the prudential regulators, as well as subcommittee hearings on CFIUS operations, balance sheet constraints in Treasury markets, and proposals to expand retirement savings through private markets. A two-day markup was scheduled for the end of the month, expected to include several bipartisan housing bills that could come together in a single package like the Senate Banking Committee's ROAD to Housing Act. The Committee will look to prioritize deposit insurance and housing work when they are mapping out their post-shutdown calendar as Chairman French Hill (R-AK) and Chairman Scott have committed to bicameral work on housing and other priority legislation.

House Oversight Committee

House Oversight Committee Chairman James Comer (R-KY) has expanded the committee's investigation of financial discrimination to include insurance companies allegedly canceling policies of clients based on their political views and whether large investment and pension fund managers are using clients' money to advance Environmental, Social and Governance-related political agendas. The Committee planned to announce a hearing on its investigation in the coming weeks but could be delayed until later this month depending on how long the government shutdown lasts.

Senate Banking Committee

The Senate Banking Committee schedule will be centered around putting together a markup of digital asset market structure legislation, and coordinating with Senate Agriculture Committee on their market structure bill that has yet to be introduced. As noted above, Chairman Scott is now targeting a markup on October 20th but that could be pushed back to the 27th or later depending on how long the shutdown lasts and whether negotiations with Democrats are productive. Deposit insurance reform legislation will also be top of mind for the Committee and could be a topic of conversation as the Committee looks to conduct a hearing this month with the prudential bank regulators. Finally, we expect the Banking Committee to prioritize a nomination hearing for Travis Hill as FDIC Chairman in the near future.

Senate Finance Committee

The Senate Finance Committee is scheduled to meet in executive session on Wednesday, October 8th, to vote on the nominations of Jonathan Greenstein to be Deputy Undersecretary of the Treasury; Donald Korb to be Chief Counsel for the IRS and an assistant general counsel at Treasury; as well as Derek Theurer to be Deputy Undersecretary of the Treasury.

Nominations

Federal Reserve

The Trump Administration is actively vetting candidates to succeed Jerome Powell as chair of the Federal Reserve when his term ends in the spring. Treasury Secretary Scott Bessent has begun interviews and said he expects to present a shortlist of three or four names to President Trump early this month. The Supreme Court has agreed to hear arguments in January on President Trump's efforts to fire Federal Reserve member Lisa Cook, while allowing her to remain on the Board until then.

Treasury

The Senate has advanced a package of over 100 nominees, including the Treasury nominations of Brian Morrissey for general counsel, Jonathan McKernan for undersecretary of domestic finance, and Francis Brooke for assistant secretary for international trade and development. In September, Sen. Grassley (R-IA) and other Republicans lifted their holds on the three Treasury nominees, which were originally placed in August over concerns about the Trump Administration's plan for phasing out renewable energy tax credits.

Last week the Senate Banking Committee voted to advance two Treasury nominees to the full Senate: Christopher Pilkerton to serve as Assistant Secretary for Investment Security and Jonathan Burke to serve as Assistant Secretary for Terrorist Financing. Also, Treasury Secretary Bessent appointed Michael Friedman as his new chief of staff.

FDIC

President Trump has nominated Travis Hill, who has been serving as acting chair of the Federal Deposit Insurance Corporation since the start of the Trump Administration, to be the agency's permanent chair. Hill will lead the FDIC Board consisting of himself, Comptroller Gould, and Acting CFPB Chairman Russell Vought and two vacant minority seats, which up until now President Trump has elected not to nominate Democrats to fill.

CFTC

The White House has formally withdrawn Brian Quintenz's nomination to chair the CFTC and has several candidates under consideration to be its new nominee. While Michael Selig, the chief counsel to the SEC Crypto Task Force is reported to be the leading contender, other candidates in the running include former CFTC Commissioner Jill Summers; Tyler Williams, counselor to Treasury Secretary Scott Bessent on digital asset policy; and former CFTC Commissioner Josh Sterling. We expect the White House to announce a new nominee in the coming weeks.

Senate Democrats are also pressing the White House to select two Democratic nominees for the open commissioner slots at the CFTC. Ongoing bipartisan negotiations on digital asset market structure legislation in the Senate Banking and Agriculture committees may hinge on the President filling seats at the Commission, with Democratic support potentially conditioned on nominations being advanced. With seven to ten Democratic votes required for passage, movement on CFTC nominees could be decisive in determining whether a bipartisan deal comes together. Acting Chair Caroline Pham will continue to lead the agency until a permanent chair is confirmed and is expected to announce her resignation shortly after.

Regulatory Activity

CFPB

The Consumer Financial Protection Bureau has finalized its interim rule to extend compliance deadlines under the 2023 small business lending rule (Section 1071). The rule establishes a uniform reporting timeline after court orders created varying compliance dates across institutions. Large lenders will begin reporting demographic and credit application data on July 1st, 2026, while smaller cohorts will phase in compliance in January and October of 2027. The final rule, effective December 1st, provides additional time for institutions to prepare and aligns implementation across the market.

The CFPB issued a final rule, effective October 27, rescinding most of its 2022–2024 amendments governing nonbank supervisory designation procedures. The rule restores the agency’s pre-2022 framework, eliminating provisions such as time and word limits, multi-respondent requirements, and issue-exhaustion rules. It also removes the CFPB Director’s authority to publicly release supervisory designation decisions, orders, and related materials, which will now be confidential. Under the revised framework, a recommending official designated by the Director will issue a recommended determination, and both that determination and the Director’s final decision must be provided to the respondent with the Director’s rationale.

FDIC

The FDIC Board of Directors meet on Tuesday (October 7th) to consider two notice of proposed rulemakings: NPRM on the Prohibition on Use of Reputation Risk by Regulators and NPRM regarding Unsafe or Unsound Practices, Matters Requiring Attention. Both were approved by a vote of 3-0.

Federal Reserve

The Federal Reserve Board will host its Community Banks Conference on October 9th. The conference will feature speeches from Vice Chair for Supervision Michelle Bowman, Federal Reserve Chairman Jerome Powell, and Treasury Secretary Scott Bessent on topics including payments innovation, capital and liquidity standards, and the evolution of consumer demands.

Later in the month on October 21st, the Federal Reserve will host a Payments Innovation Conference, which will examine opportunities and challenges tied to new technologies in the payments system. The Payments Innovation Conference will include panels on the convergence of traditional and decentralized finance, stablecoin use cases and business models, the role of artificial intelligence in payments, and the tokenization of financial products and services. The Federal Reserve will provide additional details about the conference in the coming weeks.

FHFA

The Federal Housing Finance Agency (FHFA) issued a proposed rule on October 2nd setting Fannie Mae and Freddie Mac housing goals for 2026–2028. The rule establishes new benchmark levels, consolidates the two existing area-based subgoals into a single low-income areas subgoal, simplifies how goals are determined, and clarifies inflation adjustments to maximum civil money penalties. Comments are due by November 3rd. FHFA, like Treasury, continues to focus on GSE reform and has recently conducted its own stakeholder roundtables. We expect these meetings to continue. Finally, following President Trump’s social media activity on home building activity, we are closely watching how Director Pulte will use the GSE’s to address vacant land, and supply side issues.

FinCEN

FinCEN has proposed to postpone the effective date of its Investment Adviser AML/CFT Rule from January 1, 2026, to January 1, 2028. The rule, which requires registered and exempt reporting advisers to adopt AML programs and file SARs, is being delayed allowing FinCEN to tailor its scope to the diverse business models and risks in the sector. The two-year delay follows an exemptive relief order issued in August and is intended to reduce compliance costs and regulatory uncertainty while FinCEN undertakes a comprehensive review. FinCEN also indicated it plans to revisit the proposed joint customer identification program rule for advisers with the SEC.

FinCEN has postponed implementation of the Anti-Money Laundering Regulations for Residential Real Estate Transfers Rule (RRE Rule) until March 1, 2026. The rule, originally set to take effect December 1st has been delayed through a temporary exemptive order to give industry additional time to prepare, in line with the administration’s effort to reduce compliance burdens while maintaining safeguards against illicit finance. During the extension, existing Real Estate Geographic Targeting Orders will remain in force. FinCEN also published the new Real Estate Report Form that will be used for compliance once the rule takes effect.

HUD

HUD’s shutdown contingency plan highlights the scale of staffing reductions made under the Trump administration. Compared to 2023, the department has cut overall staff by about 30 percent, with some key offices reduced by nearly half. The Office of Field Policy and Management, Fair Housing and Equal Opportunity, and General Counsel have all seen major cuts in personnel. Despite these reductions, HUD’s 2025 plan mirrors prior shutdown protocols, with more than 75 percent of staff furloughed, leaving housing programs largely unmanned. Monthly housing subsidy programs could run short of funds if the shutdown continues for an extended period.

OCC

On September 18th, the OCC announced a reorganization of its supervisory structure, effective October 1st. The current Bank Supervision and Examination group will be replaced by three divisions: Large and Global Financial Institutions (over \$500 billion in assets or foreign-owned); Regional and Midsize Financial Institutions (\$30–\$500 billion); and Community Banks (up to \$30 billion). The Office of the Chief National

Bank Examiner has also been reorganized into five subdivisions: Supervision Systems and Analytical Support; Credit Risk; Compliance and Operational Risk; Economics; and Capital, Market Risk and Asset Management.

SEC

Under its contingency plan, the SEC remains formally open but with only a small fraction of staff retained. Most substantive work is paused, including non-emergency rulemakings, the review and acceleration of registration statements for IPOs, processing of exemptive, no-action, and interpretive requests, and staff responses to legal inquiries. Only essential personnel retained for market monitoring and emergency enforcement work. The SEC confirmed that EDGAR will remain open to accept filings, and registrants may continue to submit periodic reports. However, the staff will not review or act on new rulemakings, and open rulemakings are effectively frozen until appropriations are restored. Staff guidance issued September 30th aligns with procedures used in prior shutdowns, signaling that the agency's regulatory agenda, including active rulemakings across market structure, asset management, and digital assets, will be delayed until normal operations resume.

Ahead of the government shutdown, there were several significant actions taken by the SEC, which included:

- The SEC published a [concept release](#) seeking public input on how to revive the residential mortgage-backed securities (RMBS) market, which has seen no public offerings since 2013. The release asks whether existing SEC rules are discouraging issuance, including disclosure requirements and restrictions on sharing loan-level data in light of privacy concerns, and whether broader asset-backed securities regulations should be updated.
- On September 30th, the SEC issued a no-action letter providing relief to registered investment advisers and registered funds seeking to use state-chartered trust companies to custody crypto assets and related cash. The relief requires advisers and funds to ensure the trust company is authorized by its state regulator, has adequate policies to safeguard digital assets, and maintains segregation of client assets. Custodial agreements must prohibit lending or pledging of assets without written client consent. The action provides long-sought clarity for market participants navigating custody rules for crypto.
- On September 29th, the SEC issued a no-action letter clarifying that Decentralized Physical Infrastructure Network (DePIN) tokens are not securities when used solely as utility tokens to incentivize participation in decentralized wireless, energy, or mobility networks. The letter emphasized that such tokens fall outside the definition of an investment contract if they are not marketed for speculative purposes. This marks the SEC's first formal statement on DePIN tokens and signals a deregulatory posture likely to support broader adoption of tokenized physical infrastructure in the U.S.
- At the September 29th SEC-CFTC Joint Roundtable, SEC Chairman Paul Atkins underscored the importance of closer collaboration between the two agencies to reduce regulatory fragmentation. While noting that consolidation would require congressional action, he called for harmonized oversight, streamlined rules, and reduced duplication to provide clarity for digital markets and support U.S. competitiveness. Atkins framed joint coordination, not structural merger, as the immediate path to strengthen market oversight and ensure U.S. leadership in financial innovation and investor protection.

Treasury

The Treasury Department has extended the comment period for its September 19th advanced notice of proposed rulemaking on implementation of the GENIUS Act. Public comments are now due by November 4th, to provide input on the wide-ranging questions Treasury posed regarding the new stablecoin framework.

