

RFA Outlook: December 2025

Overview

Congress and the Administration face a compressed agenda with the work period ending on December 19th that will be shaped by unresolved FY26 appropriations, National Defense Authorization Act (NDAA) negotiations, and healthcare. Appropriators have enacted three FY26 bills but remain stalled on a broader package, with the January 30th deadline likely to force either another short-term CR or full-year extensions for unfinished bills, with a shutdown, although unlikely, unfortunately not off the table. The House majority continues to shrink, complicating even routine votes as leadership works to complete NDAA negotiations, ACA subsidy debates, and early-2026 funding strategy. NDAA conferencing is nearing completion, though several Senate add-ons, housing, biosecurity, AI, outbound investment, and Russia sanctions, remain unresolved and face resistance from House Republicans and the Administration. The Senate is preparing a large end-of-year nominations package for key financial regulators.

The House Financial Services Committee is executing a dense hearing and markup schedule for the month, while the chamber moves forward with a bipartisan capital formation package. The Senate Banking and Agriculture Committees are racing to finalize a bipartisan digital-asset market structure framework for potential December markups. Regulatory agencies are advancing major initiatives: coordinated GENIUS Act rulemakings, SEC action on tokenization and disclosure reform, OCC's review of third-party vendor practices, CFTC's innovation agenda, and an accelerated CFPB rulemaking cycle due to impending funding exhaustion. Further, Treasury has released the initial implementation timeline for Trump accounts.

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Big Picture Items

FY2026 Appropriations Outlook

The November government-funding package enacted three full-year FY26 appropriations bills - Agriculture, Legislative Branch, and Military Construction/VA - while extending funding for the remaining nine bills through a continuing resolution lasting until January 30, 2026. Before the Thanksgiving recess, Senate appropriators attempted to assemble a five-bill package combining Defense, Interior, Labor-HHS, Commerce-Justice-Science, and Transportation-HUD. The House-passed FY26 Defense bill is serving as the legislative vehicle, but proceeding to debate requires 60 votes. Senate Democrats are unlikely to agree to begin consideration unless the remaining four bills, particularly Labor-HHS, are added to the Defense bill. Because adding those bills requires unanimous consent from all 100 senators, and objections persist, a path forward remains uncertain. Without movement in December, leadership and appropriators will need to prepare alternative funding scenarios ahead of the January 30th deadline. Contingency options include another short-term CR into the spring or a full-year CR for any bills that cannot advance.

NDAA

Negotiations on the FY26 National Defense Authorization Act are nearing completion, with the House and Senate Armed Services Committees having resolved nearly all provisions within their jurisdiction. Although the deadline for “four-corner” agreement on off-committee items has passed, leadership in both chambers continues to engage with secondary committees and the White House on unresolved policy riders. Key outstanding issues stem from several Senate-added provisions, including the ROAD to Housing Act, the BIOSECURE Act, the GAIN AI Act, outbound-investment restrictions, renewed efforts to impose Russian secondary sanctions, and a proposed state-level AI preemption. Most of these items face significant hurdles due to bipartisan vote sensitivities, jurisdictional objections, or lack of administration support, making their inclusion uncertain. The timeline is compressed. House leadership intends to file the conference product at the Rules Committee this week, clearing the way for floor action the week of December 8th. Senate consideration is expected the following week. The schedule reflects leadership’s goal of securing enactment before year-end.

Policy Updates

Housing

The Senate advanced the ROAD to Housing Act as part of the NDAA, but House leaders have signaled they are unlikely to accept this full Senate housing package and prefer to negotiate a modified version. Although the bill cleared the Senate Banking Committee unanimously, the House had not been involved in earlier negotiations, and several provisions do not currently have majority support among House Republicans. With the House Financial Services Committee holding a hearing on housing affordability this week and planning to mark-up housing reform legislation in the last week of the December work period, it is expected that lawmakers will look to advance a compromise housing legislative package in early 2026.

Outbound Investment

Congressional leaders are in final-stage negotiations over whether to attach new outbound-investment restrictions targeting China to the FY26 National Defense Authorization Act. The Senate-passed NDAA includes a bipartisan provision to curb U.S. capital flows into entities linked to foreign adversaries, and China-focused lawmakers in both chambers are pressing to preserve it in conference. While Rep. John Moolenaar (R-MI) indicated that discussions are progressing, the issue remains in flux. The effort reflects years of bipartisan work to craft an outbound-investment regime, though past attempts collapsed amid broader political disagreements. Key sponsors, including Sens. John Cornyn (R-TX), Minority Leader Chuck Schumer (D-NY), Banking Committee Chair Tim Scott (R-SC), and Elizabeth Warren (D-MA), are pushing to retain the Senate language, while House Republicans remain divided. House Speaker Mike Johnson (R-LA) has long viewed outbound investment restrictions as a key priority. However, Financial Services Committee Chair French Hill (R-AR) has not taken a definitive position, and Rep. Andy Barr (R-KY), sponsor of the House’s parallel FIGHT China Act, acknowledged that the shutdown halted planned committee markups needed to refine the text. House Majority Leader Steve Scalise (R-LA) and Rep. Hill signaled uncertainty about whether the provision will ultimately be incorporated into the NDAA. Nevertheless, given the importance of the issue to the Speaker and the Senate, our view remains that language similar to the FIGHT China Act will prevail in the final NDAA text.

Artificial Intelligence

Efforts by the White House to include federal preemption of state AI laws in the FY26 NDAA have stalled and House Majority Leader Steve Scalise confirmed the language will not be included, citing insufficient support and bipartisan resistance from Armed Services Committee leaders in both chambers. Senate Majority Leader John Thune similarly described the proposal as “controversial,” with no clear path to a compromise. GOP leaders have indicated interest in finding another legislative vehicle, but no viable alternative has emerged.

The Administration has floated a draft executive order directing the Justice Department to challenge state-enacted AI regulations, but with both Republican and Democratic lawmakers have voiced opposition to any federal preemption of state AI regulations.

Preemption was also a flashpoint in this week’s House Energy and Commerce hearing on a package of children’s online safety and privacy bills. While several proposals enjoyed bipartisan backing last year, the broad preemption language included in the current drafts drew immediate criticism from Democrats and mixed reactions from Republicans. Members raised concerns that the provisions could be used to preempt state AI and chatbot rules more broadly, further dimming prospects for near-term advancement.

Overall, resistance to sweeping federal AI preemption, across both the NDAA and standalone technology legislation, has narrowed the Administration’s options and pushed the issue into 2026 without a clear legislative or regulatory pathway.

Nominations

Senate Republican leadership has prepared to initiate an “en bloc” nominations package of 88 pending nominees for confirmation before the end of December. Key financial nominees incorporated in the package

include Travis Hill to permanently chair the FDIC; Michael Selig to be Chairman of the CFTC; Joseph Gromley to serve as the President of Ginnie Mae; and Francis Cassidy to be HUD's assistant secretary and commissioner of the FHA. The nominations resolution could be filed by Majority Leader John Thune (R-SD) as early as today. However, if no bipartisan time agreement is reached to expedite the process, final confirmation of these nominees is likely to happen during the last legislative workweek in December.

Congressional Activity

House Financial Services Committee

The Full Committee held its hearing with the prudential regulators and the Task Force on Monetary Policy held a hearing on Treasury market constraints on December 2nd. The Committee is holding a hearing today (December 3rd) to discuss barriers to housing supply and affordability. The Full Committee will hold a hearing on the use of AI in financial services on December 10th and the Subcommittee on Financial Institutions and Monetary Policy will hold a hearing on December 11th that will focus on the U.S. bank capital framework. The Committee will conclude the month with a two-day legislative markup on December 16th and 17th, which will feature housing and financial institution legislation.

Capital Formation Package

Earlier this week, the House Financial Services Committee released the INVEST Act, a package of 20 bipartisan capital formation bills, which will receive a House floor vote next week. Details on the package can be found here: [Rules Committee Print of the INVEEST Act](#); [section-by-section](#); [one-pager](#); [three-pager](#). Senate Banking Committee Chair Scott has indicated that the committee will pivot to consideration of a capital formation package once they have advanced a digital asset market structure bill.

Small Business and Financial Services Legislative Package

Earlier this week, the House passed a broad slate of 22 bipartisan bills, with roughly one-third of the suspension calendar drawn from the House Financial Services Committee. All [six HFSC measures](#) advanced earlier in the year with cross-party support and focus largely on regulatory transparency, global financial governance, and targeted updates to investment and issuer definitions. Four bills from the Small Business Committee were also passed under suspension that aim to expand access to capital, modernizing SBA 7(a) and 504 lending programs, increasing regulatory transparency, and improving the operating environment for early-stage companies.

Overview of Key Legislation Passed by the House

HFSC: Several bills refine investment and issuer definitions. The Developing and Empowering our Aspiring Leaders Act directs the SEC to update venture capital fund criteria, and the Improving Capital Allocation for Newcomers Act widens eligibility by recognizing funds with higher capital-contribution thresholds. A related bill lowers the public-float threshold for well-known seasoned issuer status from \$700 million to \$400 million.

Transparency measures include the Housing and Urban Development Transparency Act, requiring annual testimony from HUD’s inspector general, and the Systemic Risk Authority Transparency Act, mandating GAO review whenever federal regulators invoke a systemic-risk exception following a bank failure.

Small Business Committee: On small business financing, the Made in America Manufacturing Finance Act doubles the SBA 7(a) and 504 loan limits for small manufacturers from \$5 million to \$10 million, while the Investing in All of America Act increases capital availability in rural, low-income, manufacturing, and technology sectors by adjusting leverage-limit calculations. Both measures have Senate companions.

Digital Asset Market Structure

This week is shaping up to be a pivotal moment for Senate Banking Committee staff and members, as they race to finalize a bipartisan market structure draft that is still being negotiated. Chairman Scott and Agriculture Committee Chairman John Boozman (R-AR) have both set a goal of marking up their respective components of the market structure draft this month. Banking Committee staff are targeting December 11th for a potential markup, though final timing will depend on whether negotiators can resolve the remaining differences between Republicans and Democrats in the draft text. For Senate Banking Committee to hold a December 11th markup, formal notice would need to be issued by this Friday. If that date slips, staff are preparing a backup option for December 18th.

On the Agriculture Committee side, industry stakeholders and committee staff have spent the past two weeks reviewing the bipartisan discussion draft and providing feedback on key areas such as DeFi oversight and AML requirements. The Agriculture Committee is still on track for a December markup, but the pace of negotiations over the next two weeks will determine whether both committees can finalize their sections in time to assemble a consolidated Senate package before the end of the year.

Trump Administration

Federal Reserve Chair Nomination

President Trump signaled that he has selected his nominee for the next Federal Reserve chair and said earlier this week that he will announce his pick “early next year.” While White House National Economic Council Director Kevin Hassett is viewed as the leading candidate, President Trump’s selection has not been confirmed. Other names that have been rumored to be in the running include Federal Reserve governors Christopher Waller and Michelle Bowman, as well as former governor Kevin Warsh. The nominee will require Senate confirmation and, if chosen from outside the Board, will receive a new 14-year governor term beginning in February. Federal Reserve Chairman Jerome Powell’s term concludes in May.

SCOTUS – Federal Reserve Cases

The Supreme Court will consider two cases that could redefine the limits of presidential authority over the Federal Reserve and clarify how far the White House may go in removing members of the Board of Governors.

The first case, *Trump v. Slaughter*, addresses whether the president can dismiss a Senate-confirmed member of the Federal Trade Commission (FTC). While the dispute centers on the FTC, the broader issue is whether the Court will overturn *Humphrey's Executor*, the long-standing precedent that restricts removal of leaders of independent agencies. If the Court expands presidential removal authority, the key question is whether it explicitly protects the Federal Reserve. Earlier this year, the justices noted that “the Federal Reserve is a uniquely structured, quasi-private entity,” signaling potential openness to a carve-out.

The second case, *Trump v. Cook*, will test the threshold for removing a Federal Reserve governor “for cause.” The Trump Administration argues that courts should avoid evaluating whether the stated cause has merit. Critics warn that a broad interpretation would allow any disagreement over monetary or regulatory policy to serve as justification for dismissal. The Supreme Court may narrow its review to whether Governor Lisa Cook can be removed while her challenge proceeds, but the case raises fundamental questions about safeguards for Fed governors.

Trade Policy / Tariffs Outlook

The Administration continues to advance negotiations with Brazil and India, conduct the required USMCA review, and finalize post-“Liberation Day” term sheets with China. Progress is being tempered by the pending Supreme Court ruling on the President’s use of International Emergency Economic Powers Act (IEEPA) to impose tariffs, which has prompted several trading partners to delay commitments until executive authority is clarified. Oral arguments indicated broad skepticism among the justices, aside from Alito and Thomas, toward using IEEPA for tariff actions, prompting Treasury to emphasize tariff “rebates” as a way to distinguish the measures from taxes. Some observers expect the Court may pair an adverse IEEPA ruling with a favorable decision for Texas in its redistricting case to mitigate political fallout.

If the Court rejects the Administration’s approach, the immediate issues will be handling tariff refunds and identifying alternative statutory authorities. The Administration is expected to pivot quickly to tools such as Sections 122 and 301 of the Trade Act, Section 232 of the Trade Expansion Act, and Section 338 of the Tariff Act. Given limited congressional support for authorizing tariffs directly, some form of tariff regime is likely to continue even if the legal basis shifts.

Regulatory Activity

Treasury Implementation Timeline for Trump Accounts

The Treasury Department [outlined](#) its initial implementation plan for the forthcoming tax-advantaged Trump accounts, confirming that proposed regulations are in development and that a dedicated [website](#) has been launched. Additional enrollment guidance will be issued on December 17th. Several operational questions remain unresolved in the regulatory process, including which custodians will be eligible to administer the accounts, how permissible investment strategies will be defined, the treatment of foreign securities held within pooled investment vehicles, and the mechanisms for enforcing the statutory prohibition on early withdrawals. Treasury indicated that parents and guardians will be able to establish accounts using new Form 4547 once

released, either alongside their 2025 tax filing or through an eventual online application. The online tool for making elections is expected to be available on trumpaccounts.gov by mid-2026, with follow-up instructions provided to families by May 2026. Treasury anticipates that contributions to Trump accounts will begin on July 5th, 2026.

GENIUS Act Implementation

Federal regulators signaled that implementation of the GENIUS Act – regulating stablecoins - is moving into its next phase, with agencies preparing coordinated rulemakings to define application, oversight, and prudential standards for stablecoin issuers. FDIC Acting Chair Travis Hill told House Financial Services Committee members that the agency will release its proposed application-framework rule later this month, followed by a proposal early next year outlining prudential requirements for issuers. OCC Comptroller Jonathan Gould and NCUA Chair Kyle Hauptman confirmed parallel progress within their agencies. Federal Reserve Vice Chair for Supervision Michelle Bowman added that the Fed is working with the other banking regulators to develop regulations that would enable banks to issue and transact stablecoins consistent with statutory requirements. Collectively, the remarks indicate that the interagency process necessary to operationalize the GENIUS Act’s supervisory architecture is accelerating.

SEC

On December 4th, the SEC’s Investor Advisory Committee will convene a virtual public [meeting](#) with a focus on the tokenization of equities. The agenda includes two panels: one examining potential regulatory updates in corporate governance, and another reviewing how tokenized equity issuance, trading, and settlement could operate within the current regulatory framework. The committee will also review an SEC [proposal](#) that would require issuers to disclose how they use artificial intelligence in their operations. The SEC also released updated plans for two roundtables focused on market structure reforms and digital asset privacy. The SEC will convene a roundtable on December 16th, to discuss Rule 611 of Regulation NMS (Order Protection Rules) and related trade-through requirements. This event builds upon the SEC’s roundtable held in September, on trade-through prohibitions and aims to assess the adequacy of current protections for National Market System stocks. In addition, the SEC’s Crypto Task Force has rescheduled its Financial Surveillance and Privacy Roundtable for December 15th, which was originally scheduled for October.

In a speech on December 2nd, Chairman Paul Atkins said that he will use the SEC’s authorities to move forward on digital asset rulemakings as Congress works to advance market structure legislation. Notably, he stated earlier this week that the SEC plans to release an innovation exemption for digital asset projects in late December or early next month. Additionally, Chairman Atkins discussed plans to begin rolling out proposals early next year to make it easier for small companies to go public by cutting mandatory disclosure requirements and scaling back requirements based on the size of a firm. Other planned revisions include executive compensation rules, measures to “de-politicize” shareholder meetings, and reform the litigation landscape to provide companies more protection from securities lawsuits..

OCC

The OCC [issued](#) a Request for Information (RFI) to gather input on community banks’ experiences with core processors and other critical third-party vendors. The agency cited recurring concerns identified through

outreach, including limited innovation in emerging technologies, restrictive contract structures and bundled services, legacy technology and data-access constraints, and transparency challenges related to nondisclosure agreements and billing practices. The RFI seeks comment across six areas: innovation, transparency and due diligence, supervisory burden, cost trends, billing issues, and opportunities for improved engagement, to inform whether policy or supervisory adjustments may be warranted. Comments are due by January 27th, 2026.

CFPB

The Trump Administration is setting the conditions for a continued transition at the Consumer Financial Protection Bureau (CFPB) as the agency moves toward a planned wind-down in early 2026. President Donald Trump has nominated Stuart Levenbach, a senior OMB official, to serve as the permanent CFPB director. The nomination functions as a procedural mechanism under the Vacancies Act that allows OMB Director Russell Vought to remain as acting director well into 2026. In recent court filings, the Administration also indicated that the Bureau will run out of funding at the start of next year and, under its legal interpretation, cannot request additional transfers from the Federal Reserve. The Senate Banking Committee has not yet set a path for considering Mr. Levenbach's nomination; Chairman Tim Scott (R-SC) has not commented, while Ranking Member Elizabeth Warren (D-MA) has sharply criticized both the nomination and the broader effort to unwind the agency.

These developments followed last month's filing in *NTEU v. Vought*, in which the Department of Justice disclosed a new Office of Legal Counsel opinion concluding that the Federal Reserve currently has no "combined earnings" available for CFPB transfers. The Bureau reported that it can continue normal operations through December 31st but expects to exhaust its remaining funds in early 2026, which will trigger an Antideficiency Act report to the President and Congress outlining its funding needs.

In parallel, the CFPB continues to move forward with its rulemaking agenda. The Bureau recently issued a [proposal](#) to amend Regulation B by eliminating the "effects test," narrowing the definition of discouragement to intentional written or visual statements, and prohibiting the use of protected characteristics as eligibility criteria in special-purpose credit programs. The proposal also adds new documentation requirements for lenders that continue to offer such programs. The Bureau also [reproposed](#) a streamlined Section 1071 small-business lending data rule that would raise the reporting threshold to 1,000 loans, narrow the scope of covered credit, reduce the definition of "small business" to \$1 million in annual revenue, significantly scale back required data fields, simplify demographic reporting, and establish a unified compliance date of January 1st, 2028. Comments on both proposals are due December 15th, and the required funding report would be due within 90 days of a confirmed shortfall.

Looking ahead, the CFPB is preparing to accelerate revisions to the Section 1033 open-banking rule. The Bureau is considering issuing an interim final rule, which would allow it to bypass portions of the standard notice-and-comment process and shorten procedural timelines as it updates the framework for consumer-permissioned data access. This step comes in the wake of the same OLC opinion limiting Federal Reserve transfers, which Acting Director Vought cited in warning that the Bureau's resources will be depleted in early 2026. Reflecting this compressed timeframe, the CFPB has already issued recent proposals, including the Regulation B and Section 1071 updates, with 30-day comment windows. The revised Section 1033 proposal is expected before the Bureau runs out of money.

The CFPB will convene its Consumer Advisory Board (CAB) on Wednesday, December 10th, for a public meeting that will cover fair-lending and debanking issues. The meeting was scheduled following the release of the CFPB's [Fair Debt Collection Practices Act 2025 Annual Report](#).

CFTC

On November 25th, the Commodity Futures Trading Commission (CFTC) [opened nominations](#) for the CEO Innovation Council, with submissions due December 8th. The Council intends to inform the agency's expanding work on digital assets and broader market-structure issues as Acting Chair Caroline Pham advances several innovation initiatives near the end of her tenure. The group will support ongoing efforts such as the CFTC's Crypto Sprint, potential listings of leveraged spot crypto products, exploration of tokenized collateral, and rulemaking related to blockchain applications. The CFTC is seeking nominations and suggested areas of focus to help shape its approach to emerging markets.

