Press Release

Bank Supervision: Unsafe and Unsound Final Rule

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On October 7, 2025, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency jointly proposed a rule that seeks to narrow the scope of federal bank supervision and recalibrate the use of enforcement tools to better align with risk-based threats to institutional safety and soundness. On August 25, 2026, the agencies released the final version of the rule. In a new insight, Director of Financial Services Policy Thomas Kingsley walks through this finalized rule.

Key points:

> - *The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency have jointly finalized a rule seeking to restore clarity and discipline to federal bank supervision by codifying the definition of "unsafe or unsound practice," constraining the use of informal supervisory communications, and encouraging more proportionate enforcement actions.*
> - *By formally tethering supervisory tools to material risk, the proposal seeks to reduce examiner overreach, improve consistency across institutions, and lower the compliance burden tied to nonbinding but influential findings such as Matters Requiring Attention.*
> - *The rule's success will hinge on implementation; absent internal guardrails and cultural change within supervisory ranks, the intended shift toward risk-focused oversight may remain largely theoretical.*

Read the analysis.