

# New Lessons in Regulation

August 21, 2025

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# FRB Rescinds Novel Activities Supervision Program and Vice Chair Bowman Speaks on Embracing Innovation

August 21, 2025



**By Daniel Meade**  
Partner | Financial Regulation

Last week, (almost two years to the day of when it was [issued](#)), the Federal Reserve Board (“FRB”) [rescinded](#) SR Letter 23-7 regarding the creation of the Novel Activities Supervision Program. The FRB stated that supervision of certain crypto and fintech activities is now better understood and supervision of those activities will be integrated back into the standard supervisory process.

In a [speech](#) at the Wyoming Blockchain Symposium on August 19, FRB Vice Chair of Supervision Michelle Bowman noted that outreach by supervisors is important and “[w]e should build an examination workforce that requires skills development and informed judgement to address evolving business preferences, practices and expectations. In a step toward doing so, last week, I announced that the Fed’s “novel supervision” activities would be reintegrated into our Reserve Bank examination staff. This will reestablish the role of the normal supervisory process in monitoring banks’ so-called “novel activities.”

Vice Chair Bowman’s August 19 speech was also dedicated to a discussion of reframing the regulatory mindset. She noted that bank regulators and supervisors are traditionally by nature resistant to changes, but that “[d]espite this past inertia, change is coming.” She noted bank regulators are taking steps to create a framework for digital assets and the adoption of blockchain technology within the banking system. Vice Chair Bowman went on and stated “To this point, I have noted several use cases that have already been adopted or are in development within the banking system, but I would also like to encourage the industry to engage with regulators to help us understand blockchain and its potential to solve other problems. What is the value proposition of any new product or approach? What problem is it intended to address? And how should regulators consider both the risks and benefits, so we can provide a path to allow its use within the banking system?”

Vice Chair Bowman also noted the concerted removal of reputation risk as a consideration in exams by the FRB, OCC, and FDIC should help facilitate advancing development in digital assets. In essence, she seems to be sending the message that the FRB is open for business in consideration of adoption of digital assets in the banking system.

## FDIC Revisits Rule on Deposit Insurance Signage

August 21, 2025



**By Mercedes Kelley Tunstall**  
Partner | Financial Regulation

On August 19, the FDIC Board unanimously approved issuance of **a proposed rule** that seeks to amend advertising disclosures and signage regarding deposit insurance. In 2023, the FDIC updated its rules regarding required advertising disclosures for deposits and representations related to the insured status of deposits. These updated rules are found at 12 CFR § 328, Subparts A and B. **Subpart B** took effect on January 1, 2025. **Subpart A** was originally supposed to take full effect on May 1, 2025, but the FDIC extended the compliance date for the portions of the rules related to disclosures for ATM withdrawals (12 CFR § 328.4) and during digital deposit-taking (12 CFR § 328.5) to March 1, 2026, pursuant to FIL-5-2025. The proposed rule addresses the disclosures in Subpart A for which the compliance date was extended, and proposes to further extend compliance until January, 2027.

As background, Subpart A of 12 CFR § 328 applies to “insured depository institutions” (“IDIs”), and does not apply to non-IDIs, nor to “non-insured offices or branches of [IDIs] located in foreign countries.” § 328.0. Subpart B of 12 CFR § 328 (which, again, is already in effect) applies to non-IDIs that are making any statements regarding deposits in the United States. Importantly, Subpart B also applies to an IDI, to the extent the IDI “aids or abets” others, including its own non-insured offices or branches in making any statements regarding deposits in the United States that are not in compliance with Subpart B’s requirements.

Stating that the purpose of the proposed rule is to “address implementation issues and sources of potential confusion” resulting from the previous final rules, the proposed rule introduces more flexibility to IDIs in how they go about complying with Subpart A in their digital properties and on ATM screens. Comments to the proposed rule can be made until October 19, 2025 (60 days following publication of the proposed rule in the Federal Register).

Citing a variety of challenges that many major IDIs have already dealt with to meet the initial compliance deadlines, the proposed rule loosens things up again, which may be useful for future adjustments to bank websites and online banking pages. By our reading of the proposed rule, the introduced flexibility should not cause banks that have already made changes to comply with the previous Subpart A to have to commence another round of changes, unless such changes are preferred by the institution.

Specifically:

- IDIs needed to use a particular digital image file that had prescribed fonts, wording and colors on their digital properties. The proposed rule gives IDIs “additional flexibility with respect to the color, font and size” required when IDIs display the FDIC official digital sign. Importantly, “[a]lthough the proposed rule would no longer provide for a specific font size, the FDIC official digital sign would have to be displayed in a clear and conspicuous manner, which would ensure its legibility.”
- The proposed rule seeks to be clear that the FDIC official digital sign should be present on log-in pages that lead to the IDI’s digital deposit taking channel, but that it is not necessary on all landing pages that do not have a log-in present.
- The proposed rule steps back the requirement that the FDIC official digital sign needs to appear on “pages where the customer may transact with deposits” such that it need only appear “at the deposit account opening stage.”
- The FDIC proposes that “the display of non-deposit signage only on pages and screens that are primarily dedicated to one or more non-deposit products” should be sufficient. As the proposed rule states, “For example, an IDI would be required to display non-deposit signage on the IDI’s website page providing detailed information on annuities or pages where a consumer could purchase a non-deposit product.”
- Previously, IDIs were required to “display a one-time notification when a bank customer logged into an IDI’s digital deposit-taking channel attempts to access non-deposit products through a hyperlink (or similar web-linking feature) to a non-bank third party platform.” The proposed rule retains the one-time notification requirement when moving from an IDI to a non-bank and from an FDIC-insured deposit area to a non-deposit area. However, the means by which the notification is presented is less onerous, meaning that instead of requiring a customer to click on the notification to move on, the notification can be “dismissed automatically after the customer has been provided a

reasonable opportunity to read the notification's content", which the proposed rule says means the notification must show for a period of time that is "no less than three seconds."

- For deposit insurance signage at ATMs, the proposed rule similarly provides flexibility regarding how and when the disclosure is presented:
  - The disclosure need only be presented in a manner that mitigates "potential consumer confusion" which means that it need appear "only on the initial screen of an IDI's ATM or like device".
  - The exception for certain ATMs to not have to comply with the FDIC official signage requirements is proposed to be expanded, such that ATM owners may rely upon a physical sign, in lieu of making changes to the ATM's digital screens.
  - Similar to the requirements for digital properties, "the proposed rule would require the display of non-deposit signage on fewer pages and screens."

Again, many major banks with complex product offerings have already made changes to their web properties to comply with the previous Subpart A. Should the proposed rule be adopted as a final rule in a substantially similar form, we do not think that such banks would need to commence new projects to reflect the flexibility offered by the new rule. We do think that such banks would be able to more confidently move forward, especially as they continue to innovate and offer non-deposit products like payment stablecoins alongside deposit accounts.

## FinCEN Extends Effectiveness Date of Orders Targeting CIBanco, InterCam, and Vector until October 20, 2025

August 21, 2025



**By Christian Larson**

Special Counsel | White Collar Defense and Investigations

Parties have an additional six weeks to prepare for the impact of FinCEN's June 25, 2025 orders targeting three Mexican financial institutions.

On August 19, 2025, FinCEN **extended** the effectiveness date of three orders targeting CIBanco S.A. Institución de Banca Múltiple ("CIBanco"), InterCam Banco S.A., Institución de Banca Múltiple ("InterCam"), and Vector Casa de Bolsa, S.A. de C.V. (collectively, the "Designated FIs"). The new effectiveness date is October 20, 2025.

As described in greater detail [here](#), the orders are FinCEN's first under the 2024 FEND Off Fentanyl Act. They contain FinCEN's finding that the Designated FIs are of "primary money laundering concern in connection with illicit opioid trafficking." Beginning on the effectiveness date—now October 20, 2025—the orders require covered financial institutions to reject any prohibited transmittal of funds involving a Designated FI. This is the second time FinCEN has extended the compliance deadline; FinCEN previously extended the effectiveness date to September 4, 2025.

Also on August 19, 2025, Mexico's Ministry of Finance and Public Credit **announced** that CIBanco's trust division is to be sold to Banco Multiva S.A. and that "a significant portion" of InterCam's operations are to be sold to Kapital Bank. Both transactions are subject to Mexican regulatory approval and no timing for completion has been announced.

On August 17, 2025, CIBanco **challenged** FinCEN's order in federal court, arguing that the bank had no notice of FinCEN's order and no opportunity to confront the evidence described therein. CIBanco asks the court to enjoin FinCEN's order, rescind all statements related to the order, and award costs to CIBanco. In light of FinCEN's extension of the order's effectiveness date, the parties consented to continue a hearing initially scheduled for August 20, 2025.

## Crypto Summer: How the GENIUS Act and CLARITY Act Will Change Everything

August 21, 2025



Cadwalader is thrilled to announce that we will be hosting a seminar on September 17 in our New York office: the Impact of Crypto Summer on Financial Institutions.

This event will bring together industry leaders and experts for an afternoon of insightful discussions on the GENIUS Act and the use of payment stablecoins as collateral, and on the CLARITY Bill covering both market infrastructure and the future of traditional finance. We will conclude this event with a networking reception for attendees and speakers.

- 3:00 PM – Registration
- 3:30 PM – Seminar
- 5:30 PM – Cocktail Reception

Speakers include Peter Malyshev, Lary Stromfeld, Mercedes Kelley Tunstall, Christopher McDermott, Douglas Mintz, Daniel Meade, Kathryn Borgeson and Sophie Cuthbertson.

Stay tuned for a detailed schedule and more about our substantive panels. We look forward to welcoming you in September! Register [here](#).

## Cadwalader Financial Regulation Attorneys Recognized in The Best Lawyers in America 2026

August 21, 2025

Cadwalader has been recognized in the 2026 edition of *The Best Lawyers in America*, with over 40 lawyers across more than 20 practice areas featured in the guide. In addition, nearly 30 of the firm's lawyers have been named to the guide's edition of *Best Lawyers: Ones to Watch in America* list.

Cadwalader lawyers are noted as leaders in the areas of Banking and Finance Law, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law, Bankruptcy Litigation, Bet-the-Company Litigation, Commercial Litigation, Corporate Law, Corporate Governance Law, Criminal Defense: White-Collar, Derivatives and Futures Law, Employee Benefits (ERISA) Law, Health Care Law, Mergers and Acquisition Law, Municipal Law, Real Estate Law, Real Estate Litigation, Regulatory Enforcement Litigation (SEC, Telecom, Energy), Securities Litigation, Securities Regulation, Securities/Capital Markets Law, Securitization and Structured Finance Law, Tax Law, and Trusts and Estates.

**The following attorneys are recognized with a "Lawyer of the Year" Award:**

- [Peter Malyshev](#) – Derivatives and Futures Law (Washington)
- [Anne Tompkins](#) – Criminal Defense: White-Collar (Charlotte)

**The following attorneys are recognized as leaders in their fields:**

- [Lary Stromfeld](#) – Derivatives and Futures Law, Municipal Law, Securitization and Structured Finance Law (New York)
- [Daniel Meade](#) – Banking and Finance Law (Washington)
- [Anne Tompkins](#) – Bet-the-Company Litigation, Criminal Defense: White-Collar, Litigation - Regulatory Enforcement (SEC, Telecom, Energy), Litigation – Securities (Charlotte)
- [James Frazier](#) – Employee Benefits (ERISA) Law (New York)

**The following attorneys are recognized as "Ones to Watch" in their fields:**

- [Christian Larson](#) – Criminal Defense: White-Collar (Washington)

To view *The Best Lawyers in America* 2026 edition results, please visit [here](#).