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A View from Washington

Federal Regulatory, Legislative, and Political Updates

Alex Catanese
Vice President, Congressional Relations

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ABA Policy Team Overview

- Policy experts that work for you and bankers across the country:
 - Advocacy and Innovation (including the **State Association Alliance**)
 - Economics and Research
 - Prudential Regulatory Policy
 - Consumer Regulatory Policy & Compliance
 - Risk, Fraud, and Cybersecurity Policy
 - **Congressional Relations (you are here)** ★
- ABA has over 300 experts and professionals on staff who are standing by to answer your questions and support your needs – **always call ABA first with any question**

What We'll Cover Today

- Federal Regulatory Update
 - Overview of ABA Regulatory priorities & key changes to rules
- Federal Legislative Update
 - 2nd Session of the 119th Congress - Toplines
 - Banking Legislation in Key Committees
 - ABA Priorities
 - House Financial Services Committee
 - Senate Banking Committee
- Federal Political Update
 - Midterms overview
 - Impact on banking policy

ABA Regulatory Priorities

– Level regulatory playing field

- Ensure nonbank competitors, including stablecoin issuers and fintechs, do not receive regulatory advantages that undermine bank deposits, local lending, or consumer protections.

– Expand regulatory tailoring and reduce burden on community and regional banks

- Advocating for updated asset thresholds, automatic indexing for inflation and economic growth, and a regulatory framework that reflects a bank's risk profile rather than outdated size cutoffs

– Modernize and right-size capital rules

- Urging regulators to calibrate capital requirements based on actual risk, improve the revised Basel III/endgame proposals, and preserve banks' ability to lend to local economies

– Financial risk-focused supervisory reforms

- Renewed focus on material financial risk and safety-and-soundness concerns, with less emphasis on process-driven examinations and non-financial supervisory issues

What's on the Horizon at the Banking Regulators

CRA Reform

- Regulators have proposed a more modest modernization of CRA focused on reducing community bank burden, including higher asset thresholds, streamlined reporting requirements, and clearer evaluation standards, while avoiding the legal and implementation challenges that affected previous reform efforts.

Finalizing Capital Reforms

- Basel III endgame and related capital proposals are expected to be finalized by year-end, providing greater certainty around capital planning and regulatory expectations.

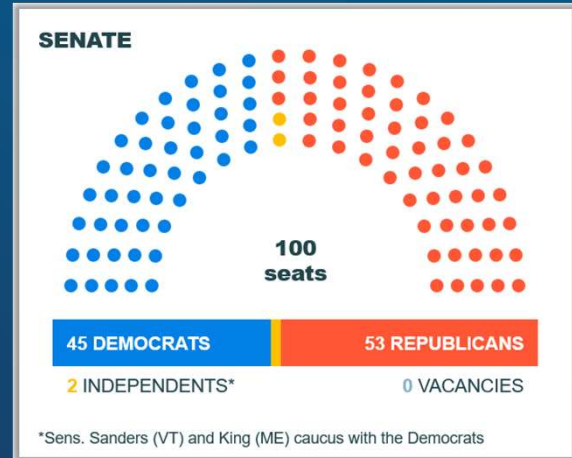
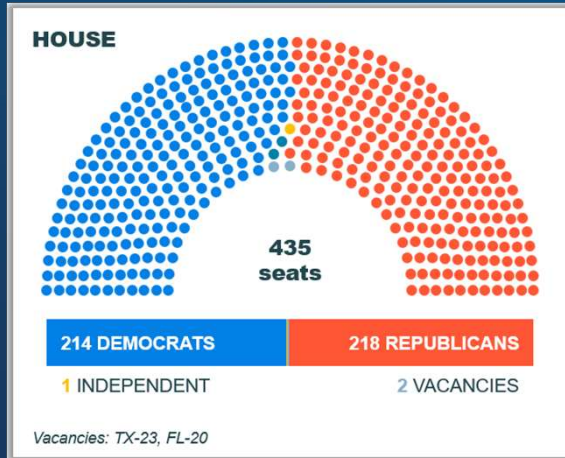
Major Indexing Proposal

- Regulatory threshold relief to date has largely occurred on a rule-by-rule basis. A more comprehensive proposal to modernize and index key asset thresholds is expected by December.

Regulatory Tailoring and Community Bank Relief

- Regulators continue to pursue changes intended to better align supervision, reporting, and capital requirements with a bank's size, complexity, and risk profile, including recent CBLR reforms and supervisory tailoring initiatives.

2nd Session of the 119th Congress – Composition



2nd Session of the 119th Congress - Toplines

- Tight margins in House and Senate
- Senate Republican caucus “free agents”
- Pre-Election congressional pile-up
 - Clarity, NIL, nominations
- Long to-do list for post-election / lame duck session
 - Government funding
 - NDAA
 - Farm Bill

ABA Legislative Priorities

- Financial fraud prevention
- Community bank regulatory rightsizing
- Digital assets and potential risks of yield-bearing-stablecoins
- Credit card routing mandates and rate caps
- Cannabis banking
- Deposit insurance modernization
- Credit union oversight

House Financial Services Committee

- Community Banking Regulatory Rightsizing
 - Chairman French Hill’s “Make Community Banking Great Again” Agenda
 - Main Street Capital Access Act
- Housing
 - 21st Century ROAD to Housing
- Fraud/scams/AI oversight
 - SCAM Act
 - Senate Aging Committee activities

Main Street Capital Access Act (H.R. 6955)

- Passed the House July 21, 2026 by a vote of 270–155, with 56 Democrats joining Republicans in support
 - Rep. Fedorchak voted YES – **SAY THANK YOU**
- Delivers Chairman French Hill's "Make Community Banking Great Again" agenda — the first major community bank regulatory rightsizing package to pass the House this Congress
- Modernizes outdated regulatory thresholds by indexing them to economic growth, reducing unnecessary burdens on community banks
- Encourages new bank formation and streamlines supervision to focus on actual risk
- Supported by ABA, ICBA, and all state bankers associations
- Next step: Senate consideration

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SCAM Act: Helping Banks Fight Fraud at the Source

- The SCAM Act - H.R. 7548 in the House and S. 3774 in the Senate
- Growing support: H.R. 7548 has 45 cosponsors — 23 Democrats and 22 Republicans — and S. 3774 has 7 cosponsors — 4 Republicans and 3 Democrats.
- Targets scam ads before losses occur: The bill would prohibit online platforms from displaying fraudulent or deceptive paid ads when they fail to take reasonable steps to prevent them.
- Pushes accountability beyond banks: It requires online platforms to do more to verify advertisers, detect impersonation fraud, and remove fraudulent ads — helping stop scams before customers send money.
- Call to action for North Dakota bankers: Ask your **Senators and Representatives to cosponsor the SCAM Act** and make fraud prevention a shared responsibility across the full scam ecosystem.

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Senate Banking Committee

- Digital Asset Market Structure legislation (The Clarity Act)
 - Committee markup in early May; failed cloture vote on Senate Floor in Sept.
 - Banks' concerns with stablecoin yield remain
 - ➔ – **SecureAmericanOpportunity.com** – ABA Grassroots Advocacy Center
 - Please contact your Senators
- Housing – Passed!
 - ROAD to Housing Act
 - Bipartisan effort to increase housing supply, improve affordability, and modernize federal housing policy
 - Differences between Senate/House version

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Digital Asset Market Structure (Clarity Act) — State of Play

- Sept. 15: cloture on the motion to proceed failed 49–50 (60 needed) — the Senate never reached the bill itself
- Main sticking points: ethics rules for officials' crypto holdings and stablecoin yield
- Sen. Tillis entered a motion to reconsider, keeping the bill on the Senate calendar
- Regulators are moving without Congress: SEC proposed crypto rules (comments due Oct. 20); CFTC began its own rulemaking
- Bankers' position unchanged: close every route around the GENIUS Act's yield ban
- Lame duck action possible but unlikely; next Congress may restart from scratch

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21st Century ROAD to Housing Act — Became Law July 11, 2026

- Passed Senate 85-5 (June 22) and House 358-32 (June 23); became law July 11 after the 10-day constitutional review period lapsed without President Trump's signature
- Community Bank Relief (Title IX): Raises the TRUST Act exam-cycle threshold from \$3B to \$6B (18-month exam cycle) and exempts custodial/reciprocal deposits at institutions under \$10B from brokered deposit classification
- Establishes a Mentor-Protégé Program pairing small, rural, and minority depository institutions with larger banks for capital and technical support, plus a dedicated study on barriers facing rural depositories
- Revives de novo bank formation with a streamlined application process and a 2-year phase-in for capital requirements
- Raises the Public Welfare Investment cap from 15% to 20% of capital and surplus, expanding headroom for LIHTC and CRA-qualifying investments

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Political Update – What's on the ballot in 2026?

- **Control of Congress is at stake: Republicans aim to maintain their trifecta** while Democrats seek a majority. Midterms historically favor the opposition party, but Democrats would need to gain seats in Republican-leaning areas. GOP incumbents who broke with Trump may face primary challenges from Trump-backed candidates.

SENATE

Current composition: **53 REP** – **47 DEM***

What's at stake: 22 of the 35 Senate seats up for election are Republican-held, giving Democrats a chance to flip the chamber

HOUSE OF REPRESENTATIVES

Current composition: **219 REP**** – **214 DEM**

What's at stake: 22 seats are rated as toss-ups by the Cook Political Report, putting control of the chamber in play

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In each of the last three midterm election cycles, a chamber of Congress has flipped

	2012	2014 MIDTERM	2016	2018 MIDTERM	2020	2022 MIDTERM	2024	2026 MIDTERM
POTUS	D	D	R	R	D	D	R	R
SENATE	D	R	R	R	D	D	R	???
HOUSE	R	R	R	D	D	R	R	???
CHANGE	No change	Senate flipped	GOP trifecta	House flipped	DEM trifecta	House flipped	GOP trifecta	???

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Potential 2026 election outcomes

POTUS	SENATE	HOUSE	LIKELIHOOD	LIKELIHOOD ANALYSIS
R	R	D	High *****	The president's party has lost ground in midterm elections in each of the last three midterms, and Democrats would need to flip just five seats to secure a majority in the House
R	D	D	Medium *****	Democrats have recruited their ideal Senate candidate in several swing states, including Sherrod Brown in Ohio and Mary Peltola in Alaska, and have strong funding numbers in Texas
R	R	R	Low *****	The Senate map is favorable for Republicans, and redistricting efforts across several Republican-led states could help the GOP maintain control if President Trump remains popular with his base
R	D	R	Very Low *****	It is highly unlikely that Democrats will perform well enough in states such as Texas, Ohio, or Iowa to flip the Senate, and not secure a House majority as well

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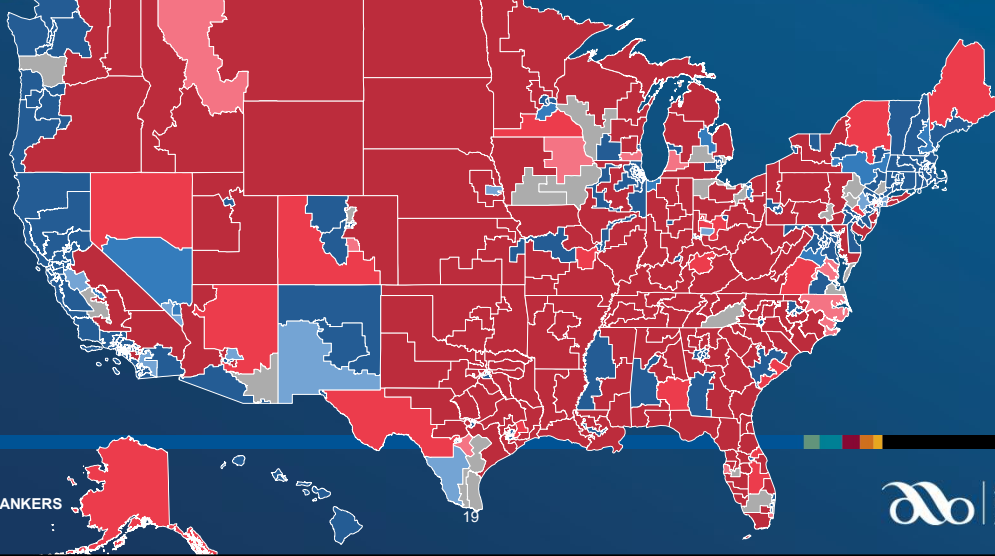


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21 House seats are rated Toss Up in the 2026 elections

COOK POLITICAL REPORT: 2026 HOUSE RACE RATINGS

■ Solid D
 ■ Likely D
 ■ Lean D
 ■ Toss Up
 ■ Lean R
 ■ Likely R
 ■ Solid R



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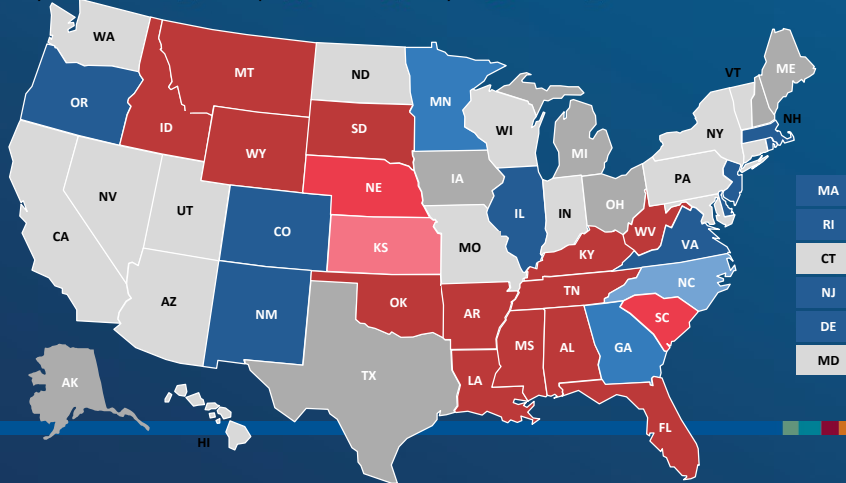
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Seven Senate seats are considered Toss Up in the 2026 election

COOK POLITICAL REPORT: 2026 SENATE RACE RATINGS

■ Solid D
 ■ Likely D
 ■ Lean D
 ■ Toss Up
 ■ Lean R
 ■ Likely R
 ■ Solid R
 ■ No election



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Election Consequences for Banking Industry

- In a Democratic House
 - Speaker Hakeem Jeffries
 - HFSC Chair Maxine Waters
- In a Democratic Majority Senate
 - Chuck Schumer likely to retire in 2028 cycle – will run for leadership
 - Banking Committee – Chair Elizabeth Warren
 - **OR** *potentially* Sherrod Brown (if he wins in OH)
- If one chamber flips – Expect strong oversight of Trump Admin

About ABA BankPAC

- BankPAC, ABA's Political Action Committee, is an essential tool that enables us to advocate effectively for the banking industry, its customers and the communities they serve.
- By supporting Republican, Democratic and Independent candidates, BankPAC helps build the bipartisan coalitions needed to advance pro-banking legislative priorities on Capitol Hill.
- Please contact abapac@aba.com for more information.



Questions? Concerns? Feedback?

Alex Catanese

Vice President, Congressional Relations

Email – ACatanese@aba.com

www.aba.com/advocacy