

4 Important Events In Bank Regulation: A Midyear Review

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The article published in *Law360* reviews the state of bank regulation in the first half of 2024, highlighting four significant events that have shaped the regulatory landscape for insured depository institutions.

1. The Supreme Court upheld the Consumer Financial Protection Bureau's (CFPB) funding mechanism, rejecting the argument that it violated the appropriations clause. This decision is important for banks regulated by the CFPB and sets a precedent that may protect any challenges related to the funding of other banking regulators.
2. Federal regulators proposed additional incentive compensation rules, as required by Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This newly proposed portion of the rules responds to recent bank failures and seeks to address issues with excessive compensation and volume-based financial incentives.
3. The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corp. (FDIC) released proposals related to bank mergers. The OCC aims to eliminate streamlined applications for bank mergers, while the FDIC's proposal emphasizes a thorough review of merger transactions, including their impact on financial stability.
4. The Supreme Court remanded a case to the Second Circuit regarding the preemption of state laws by national banks, specifically concerning interest on residential mortgage escrow deposits. The Second Circuit must now reevaluate the case using the preemption standard from the Dodd-Frank Act.

The article suggests that while the first half of 2024 has been relatively stable regarding bank regulation, the upcoming presidential election and potential changes in FDIC leadership could bring unpredictability in the latter half of the year. However, concerning consumer credit, the flood of recent regulatory adoptions is likely to cool before the presidential election and because of the possibility that the adoption of any final rules could be subject to reversal with Congress' exercise of its powers under the Congressional Review Act.

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Christina J. Grigorian

+1.202.625.3541

christina.grigorian@katten.com

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