

Trump Administration Issues Regulatory Freeze

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On January 20, President Trump issued a [memorandum](#) instituting a regulatory freeze pending review. This action, a common practice for new administrations, directs federal agencies to halt any new rulemaking until agency heads appointed by the incoming president have reviewed and approved pending regulations. The freeze has significant implications for the financial services industry.

The freeze applies to a wide range of regulations passed by federal agencies in recent months, including recent rule proposals from the CFPB affecting brokers of consumer data, and buy now, pay later lenders, among other market players (previously discussed [here](#), [here](#), and [here](#)).

The memorandum outlines several key directives for agencies, including:

- Halting new rulemaking. Agencies are prohibited from proposing or issuing any new rules until they have been reviewed and approved by an agency head appointed by President Trump. This ensures that new regulations align with the administration's policy priorities.
- Withdrawing pending rules. Rules that have already been submitted to the Federal Register but not yet published must be withdrawn for review. This allows the new administration to scrutinize pending regulations and potentially make changes or withdraw such regulations altogether.
- Postponing recently published rules. Rules that have already been published in the Federal Register but not yet in effect will be postponed for 60 days to allow for review.
- Allowing for exceptions. The Director of the Office of Management and Budget (OMB) has the authority to exempt certain rules from the freeze. Such exceptions apply to rules addressing emergencies or urgent situations where immediate action is necessary, such as those related to financial instability or market disruptions.

This regulatory freeze will allow the Trump Administration to evaluate existing regulations and ensure alignment with policy directives of President Trump's newly appointed agency heads.

Putting It Into Practice: The freeze puts a halt to several rule proposals from the CFPB over recent

months. With a changes of leadership for the CFPB and other federal regulators on the horizon, such federal agencies may see significant changes to their rulemaking and enforcement agendas. Financial institutions should closely monitor the new CFPB Director's stance on these pending rules and any potential revisions or withdrawals, as these decisions could reveal the direction the Trump Administration will take regarding consumer financial protection and the scope of the CFPB's authority.

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