



INTERAGENCY SUPERVISORY GUIDANCE

Revised Model Risk Management Guidance

SR 26-2 | OCC Bulletin 2026-13 | FDIC FIL

STRATEGIC BRIEFING | Banking Organizations Over \$30 Billion in Assets

What we'll cover

01

The April 17, 2026 bulletin in context

What was issued, what was rescinded, and how the framework has changed.

02

What changed and what stays the same

Ten substantive shifts and what they mean operationally.

03

Validation, governance, and AI implications

Where the new flexibility lives — and where the gaps are.

04

Practice implications for your institution

How a \$30B+ bank should adjust its existing MRM program.

05

Recommended near-term actions

Sixty-to-ninety-day priorities.

06

How KDOA can help

Where we add the most value during the transition.

After 15 years, SR 26-2 updates the SR 11-7 framework

April 17
2026

Issued jointly by the Federal Reserve, OCC, and FDIC.

Effective immediately. Rescinds three prior issuances.

Rescinds and updates:

SR 11-7

Guidance on Model Risk Management (April 4, 2011)

OCC 2011-12

Sound Practices for Model Risk Management (April 4, 2011)

SR 21-8 / OCC 2021-19

Interagency Statement on MRM for BSA/AML (April 9, 2021)

Same three-pillar architecture (development & use, validation, governance) — but the regulatory posture, scope, and prescriptive weight have changed substantially.

Four shifts that matter most

01

Principles, not prescription

Explicitly non-enforceable. Non-compliance alone will not result in supervisory criticism — though safety-and-soundness expectations remain.

02

Tailored to scale

Most relevant to institutions over \$30B in assets. Risk-based, proportional approach replaces one-size-fits-all expectations.

03

Validation independence — softened

Quality of validation depends on rigor of review, not organizational structure. Effective challenge principle preserved.

04

Generative & agentic AI carved out

Footnote 3 places these technologies outside the scope of the guidance entirely. Institutions need a parallel governance construct.

Your institution remains squarely in scope

“

...is expected to be most relevant to banking organizations with over \$30 billion in total assets.

SR 26-2, Section II

For institutions above the threshold, the bulletin's principles-based language reduces prescriptive detail — but does not reduce the underlying expectation that material model risk is actively managed.

Three things to internalize

- 1 Examiner expectations have not collapsed.**

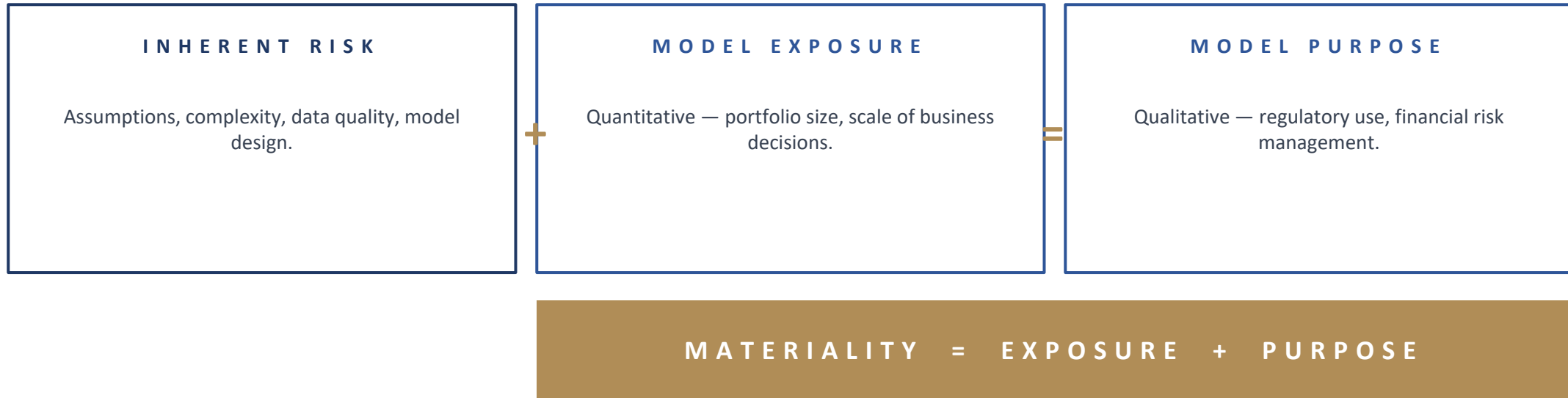
The agencies preserved authority to act on safety-and-soundness grounds. Examiners will continue to focus on validation rigor, governance, and aggregate risk — with new vocabulary.
- 2 The framework gives you flexibility, not a pass.**

Validation independence is softened, documentation is lighter, but the institution remains responsible for managing model risk commensurate with materiality.
- 3 Treat this as a chance to right-size, not retreat.**

Programs built up under SR 11-7 often accumulated process debt. The new framework is an invitation to streamline — with a clear paper trail justifying every change.

A formal risk framework, codified

SR 26-2 introduces a structured hierarchy that gives validators, advisors, and examiners shared language. Mature programs already worked this way — now it is codified.



MODEL RISK *Inherent Risk in the context of Model Materiality*

AGGREGATE RISK Newly codified — reflects interactions, dependencies, common assumptions, and shared data across the model inventory.

Validation independence — softened



The quality of validation process depends on the rigor and effectiveness of the review rather than on organizational structure of the banking organization's risk management function.

SR 26-2, Section V

What this enables

- External and co-sourced validation models are now clearly defensible.
- Mid-sized validation functions can rely on contracted independence rather than headcount.
- Effective challenge remains the test — expertise, independence, organizational standing.
- Validation reports should reframe their independence narrative around rigor, not org charts.

Generative and agentic AI — carved out

Generative AI and agentic AI models are novel and rapidly evolving. As such, they are not within the scope of this guidance... However, the principles described in this guidance apply to traditional statistical and quantitative models and non-generative, non-agentic AI models.

SR 26-2, Footnote 3

What it removes

- LLMs and copilots
- Multi-step agent systems
- Vendor agentic AI products
- RAG / retrieval architectures

What still applies

- Traditional credit scoring
- Stress testing models
- Time-series / econometric
- Discriminative ML (non-generative)

What you should consider

- AI governance policy
- NIST AI RMF alignment
- AI-specific board reporting
- Vendor AI assessment process

Where to focus first

Validation methodology

Update independence language. Add aggregate risk section. Rewrite effective challenge framing. Recognize urgent business need exception with compensating controls.

Policy and inventory

Adopt the new vocabulary across templates. Re-scope the inventory in light of the narrowed model definition — spreadsheets, rules engines, and deterministic processes can come out, with documented rationale.

AI governance

Consider standing up an AI governance framework, anchored to NIST AI RMF. Do not extend the SR 26-2 framework to gen/agentic AI — the bulletin specifically excludes them.

Vendor and third-party

Continue applying SR 26-2 principles — conceptual soundness, outcomes monitoring, customization documentation. Vendor agentic AI products go under the AI governance framework instead.

Recommended actions — next 90 days



Where KDOA adds the most value

01

Policy gap assessment

Structured benchmarking of your existing MRM framework against SR 26-2.

02

Independent validation

External and co-sourced validation aligned to revised effective challenge principles.

03

AI governance framework

Stand up parallel governance for generative and agentic AI, NIST AI RMF-aligned.

04

Inventory re-scoping

Documented assessment of which assets remain in scope under the narrower definition.

05

Model IQ platform

Inventory, validation workflow, and documentation aligned to the new framework.

06

Stablecoin / digital asset MRM

Specialized MRM services addressing the GENIUS Act and proposed OCC 12 CFR Part 15.

500+ engagements • 50+ institutions • 5 countries • Founded by Kevin D. Oden, PhD



Let's discuss what this means for your institution.

KDOA offers tailored briefings, gap assessments, and validation engagements aligned to SR 26-2 and the parallel AI governance landscape.

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Quantitative Consulting — Model Risk Management, Validation, AI Governance

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