

# DIGITAL REGULATORY SUPERVISION RECORD

System-of-Record Artifact — Point-in-Time

## Non-Bank Financial Infrastructure & BaaS

<b>Record ID:</b>	<b>DRSR-2026-ILLCO-JAN29</b>
<b>Record Date:</b>	January 29, 2026
<b>Company:</b>	ILLCO - Illustrative Non-Bank Financial Infrastructure Provider
<b>Supervisory Owner:</b> <i>The Supervisory Owner is the individual designated by the Company to exercise and attest to supervisory judgment, regardless of formal title.</i>	Sarah Chen, General Counsel & Chief Operating Officer
<b>Prepared By:</b>	DigitalRegIntel

This is a single supervisory record composed of three formally distinct sections, each with different evidentiary roles and mutability properties.

Section	Purpose	Properties
<b>1. Regulatory Awareness Record (RAR)</b>	Regulatory Awareness Record — what was known	Immutable; point-in-time
<b>2. Supervisory Applicability &amp; Attestation (SAA)</b>	Supervisory Applicability & Attestation — how it applies	Attested by supervisory owner
<b>3. Supervisory Action Register (SAR)</b>	Supervisory Action Register — what was done	Append-only action log

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# SECTION 1

## REGULATORY AWARENESS RECORD (RAR)

*Supervisory awareness as of January 29, 2026*

### 1.1 EXECUTIVE SUMMARY

#### Why This Record Exists

At some point, your next investor, bank partner, or regulator will ask you to show how regulatory risk was supervised. This record exists for that moment.

**How regulatory risk was supervised over time — not whether outcomes appear compliant in hindsight.**

This record preserves contemporaneous, time-stamped evidence that:

- Relevant regulatory and enforcement developments were actively monitored
- Applicability to the company's operating model was identified
- Supervisory judgment was exercised before regulatory inquiry, bank partner diligence, or enforcement

This Record IS	This Record IS NOT
Evidence you can produce when asked	Legal advice
A defensible record of supervisory judgment	A compliance audit or certification
Immutable once generated	A risk score, rating, or opinion

### 1.2 RECORD SCOPE

This Regulatory Supervision Record documents supervisory awareness, supervisory applicability and attestation, and supervisory actions taken by management as of the record date. It does not represent a regulatory determination, examination finding, or supervisory conclusion by any regulatory authority.

### 1.3 SUPERVISORY MATERIALITY & ESCALATION CRITERIA

Events are included in the Regulatory Awareness Record when they reflect:

- New or changed supervisory expectations
- Heightened scrutiny of comparable operating models
- Emerging enforcement or policy trends
- Context referenced by regulators, sponsor banks, or material counterparties

#### Posture Guidance

<b>OBSERVED</b>	Monitored for relevance; no current supervisory action required
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<b>MONITORED</b>	Potential applicability or trajectory; active tracking in progress
<b>ESCALATED</b>	Heightened supervisory attention requiring management or board awareness
<b>DEFERRED</b>	Reviewed and documented but intentionally postponed pending defined trigger

*Supervisory posture reflects management prioritization for oversight and decision-making and does not, by itself, imply legal applicability, non-compliance, or a remediation obligation. Movement between postures reflects changes in supervisory context and is documented contemporaneously.*

## 1.4 SUPERVISORY SUMMARY

<b>Jurisdictions Covered:</b>	United States (Federal + State)
<b>Regulatory Domains:</b>	Bank Partner & Third-Party Risk; AML & Sanctions; Money Transmission; Consumer Protection; Operational Resilience
<b>Temporal Scope:</b>	Publicly observable regulatory and enforcement activity through January 29, 2026

### Supervisory Posture at a Glance — January 29, 2026

<b>ESCALATED</b>	Bank partner third-party risk management expectations; AML program responsibility allocation; Sponsor Bank consent order exposure
<b>MONITORED</b>	Money transmitter licensing scope; CFPB consumer protection enforcement; Data privacy compliance (state laws)
<b>OBSERVED</b>	FTC Section 5 fintech enforcement; Open banking / Section 1033 developments; SEC Regulation S-P amendments
<b>DEFERRED</b>	CFPB Section 1033 compliance (pending final rule implementation); International expansion pending partner approval

## 1.5 COMPANY REGULATORY CONTEXT

Based on declared inputs, the company operates as a non-bank financial infrastructure provider offering payments, banking-as-a-service, or embedded financial services through partnerships with regulated financial institutions.

<b>Sector:</b>	Non-Bank Financial Infrastructure / BaaS / Payments
<b>Business Model:</b>	API-based financial infrastructure; Program management; Embedded finance enablement
<b>Bank Partnership:</b>	Operates via sponsor bank relationship(s); does not hold bank charter
<b>Customer Base:</b>	Businesses and platforms (B2B); end consumers via platform partners (B2B2C)
<b>Funds Flow:</b>	Payments processing; funds movement; ledger/reconciliation services

## 1.6 SUPERVISORY POSTURE MATRIX

Each regulatory domain reflects a deliberate posture — not a passive observation.

Regulatory Domain	Status	Supervisory Rationale
<b>Bank Partner &amp; Third-Party Risk Management</b>	<b>ESCALATED</b>	<ul style="list-style-type: none"> <li>• Interagency TPRM guidance finalized (June 2023)</li> <li>• Synapse bankruptcy exposed middleware risk</li> <li>• Multiple sponsor bank consent orders (2023-2025)</li> <li>• FDIC heightened expectations for fintech partnerships</li> </ul>
<b>AML &amp; Sanctions (BSA/OFAC)</b>	<b>ESCALATED</b>	<ul style="list-style-type: none"> <li>• AML responsibility allocation under regulatory scrutiny</li> <li>• FinCEN expectations for non-bank program managers</li> <li>• Sanctions screening obligations for cross-border flows</li> </ul>
<b>Money Transmission Licensing</b>	<b>MONITORED</b>	<ul style="list-style-type: none"> <li>• Exemption analysis dependent on funds flow structure</li> <li>• Agent-of-payee and bank exemption reliance</li> <li>• State-by-state variation in interpretation</li> </ul>
<b>Consumer Protection (UDAAP/CFPB)</b>	<b>MONITORED</b>	<ul style="list-style-type: none"> <li>• CFPB larger participant rule for payments (proposed)</li> <li>• Earned wage access enforcement activity</li> <li>• Fee disclosure and UDAAP scrutiny</li> </ul>
<b>Operational Resilience &amp; BCP</b>	<b>OBSERVED</b>	<ul style="list-style-type: none"> <li>• Synapse collapse highlighted middleware concentration risk</li> <li>• Sponsor bank expectations for BCP testing</li> <li>• Company maintains documented controls</li> </ul>
<b>Open Banking / Section 1033</b>	<b>DEFERRED</b>	<ul style="list-style-type: none"> <li>• CFPB Section 1033 final rule issued October 2024</li> <li>• Implementation timeline phased by institution size</li> <li>• Compliance decision deferred pending partner bank timeline</li> </ul>

### Acknowledged Areas of Regulatory Uncertainty

- Allocation of BSA/AML compliance responsibility between non-bank program manager and sponsor bank
- Scope of FDIC brokered deposit rules as applied to BaaS deposit arrangements
- Application of money transmission licensing exemptions to specific funds flow structures
- CFPB jurisdictional scope over non-bank fintech infrastructure providers

## 1.7 KEY ENFORCEMENT & REGULATORY DEVELOPMENTS

*Enforcement actions and public supervisory statements are cited as supervisory signals only and do not constitute assertions of applicability to the Company unless expressly stated in Section 2.*

**Interagency Third-Party Risk Management Guidance (June 2023)** — OCC, FDIC, and Federal Reserve finalized joint guidance establishing comprehensive expectations for banks' management of third-party relationships, including fintech partnerships. **Status: ESCALATED**

**Synapse Financial Technologies Bankruptcy (April 2024)** — Middleware provider collapse resulted in frozen customer funds across multiple fintech programs. Highlighted concentration risk and funds reconciliation failures. **Status: ESCALATED**

**Evolve Bank & Trust Consent Order (June 2024)** — Federal Reserve consent order citing deficiencies in third-party risk management, BSA/AML compliance, and consumer protection related to fintech partnerships. **Status: ESCALATED**

**Cross River Bank Consent Order (2023)** — FDIC consent order addressing fair lending and compliance management deficiencies related to partnership lending programs. **Status: ESCALATED**

## 1.8 SUPERVISORY AWARENESS TIMELINE

Date	Event	Jurisdiction	Status
June 2023	Interagency TPRM Guidance finalized	US Federal	ESCALATED
2023	Cross River Bank FDIC Consent Order	US Federal	ESCALATED
Apr 2024	Synapse Financial Technologies bankruptcy	US	ESCALATED
June 2024	Evolve Bank & Trust FRB Consent Order	US Federal	ESCALATED
Oct 2024	CFPB Section 1033 final rule issued	US Federal	DEFERRED

## 1.9 VERSIONING RULE

This Regulatory Awareness Record supersedes prior awareness summaries for forward-looking supervisory purposes only. Earlier records remain authoritative for their respective as-of dates and are not amended or restated.

# SECTION 2

## SUPERVISORY APPLICABILITY & ATTESTATION (SAA)

*How it applies to this company*

### 2.1 PURPOSE

This section maps the supervisory awareness documented in Section 1 Regulatory Awareness Record to the Company's specific services, partner relationships, and operational exposure.

**Section 1 documents what supervisory signals existed. This section documents how those signals apply to this company.**

*This section supports supervisory decision-making by legal, compliance, risk, and operations leadership; attestation reflects supervisory judgment, while execution ownership is reflected in the Supervisory Action Register (Section 3).*

### 2.2 DECLARED SERVICES MATRIX

*Designate services the Company performs or enables. Supervisory posture applies to declared services only.*

Service Domain	Performed	Not Performed	Regulatory Nexus
Payments processing / settlement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Money transmission, NACHA, state licensing
AML/KYC services (performed for partner)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BSA/AML, OFAC, responsibility allocation
Program management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Third-party risk, UDAAP, sponsor bank oversight
Deposit product enablement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Brokered deposit rules, FDIC pass-through
Lending enablement / origination support	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Fair lending, ECOA, state lending laws
Card issuance / BIN sponsorship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Network rules, Reg E, interchange
Funds custody / ledgering	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Reconciliation, bankruptcy exposure
Consumer-facing interface	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UDAAP, disclosure requirements, CFPB jurisdiction
Crypto / digital asset services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	State licensing, SEC/CFTC jurisdiction

**Additional Services:** API-based financial infrastructure enabling platform partners to offer embedded financial services; White-label banking services for B2B2C distribution model

## 2.3 DECLARED PARTNER BANK LINKAGE

Sponsor Bank	Relationship Type	Primary Services Enabled	Effective Date
Evolve Bank & Trust	BaaS Sponsor	Deposit accounts, card issuance, payments	03/2022
Metropolitan Commercial Bank	BaaS Sponsor	Deposit accounts, ACH processing	09/2023

### ENFORCEMENT FLAG

**Directly applicable enforcement exists for declared partner: Evolve Bank & Trust (Federal Reserve Consent Order, June 2024)**

*Where enforcement exists, applicability may vary by service enabled and responsibility allocation.*

## 2.4 SUPERVISORY EXPOSURE ATTESTATION

### Services in Scope

<input checked="" type="checkbox"/>	AML/KYC services	for 12 client relationships
<input checked="" type="checkbox"/>	Payments processing	representing approximately \$85M monthly volume
<input checked="" type="checkbox"/>	Deposit enablement	across 8 programs (~47,000 end-user accounts)
<input type="checkbox"/>	Lending enablement	N/A — not performed
<input checked="" type="checkbox"/>	Card issuance	~32,000 active cards across 6 programs

### Responsibility Allocation Acknowledgment

- Program Agreement (Sections 4.2, 4.3, 5.1)
- Compliance Addendum
- Separate Responsibility Matrix (BSA/AML Responsibility Matrix dated August 2024)

## 2.5 SUPERVISORY POSTURE ACKNOWLEDGMENT

- ESCALATED domains in Section 1 have been reviewed against our declared services
- Directly applicable enforcement (if any) has been flagged for internal review
- Uncertainty areas have been discussed with counsel
- Partner bank linkage has been cross-referenced against enforcement summaries
- Section 3 (SAR) has been initiated for ESCALATED domains**

### ESCALATED DOMAIN — DIRECT APPLICABILITY

ESCALATED Domain	Direct Applicability	SAR Reference
Bank Partner & Third-Party Risk Management	Yes	Section 3.2
AML & Sanctions (BSA/OFAC)	Yes	Section 3.3

## 2.6 ATTESTATION & CERTIFICATION

I certify that the declarations in this section accurately reflect the Company's services, partner relationships, and supervisory exposure as of the record date.

This attestation documents that supervisory judgment was exercised over the Company's regulatory exposure. It does not certify compliance, legal sufficiency, or control effectiveness.

**This attestation applies solely to services and partner relationships declared herein and does not extend to undeclared or future services, based on supervisory awareness as of the record date and subject to the limitations described herein.**

**Signature:** /s/ Sarah Chen

**Printed Name:** Sarah Chen

**Title:** General Counsel & Chief Operating Officer

**Authority:**  General Counsel  Chief Compliance Officer  COO  Other

**Attestation Date:** January 29, 2026

# SECTION 3

## SUPERVISORY ACTION REGISTER (SAR)

*What was done — append-only log*

### 3.1 PURPOSE

This section documents the specific actions taken in response to ESCALATED supervisory domains. It provides drill-down evidence that supervisory awareness was translated into operational decisions.

When an examiner, sponsor bank, or investor asks "Show me what you did about this," this section provides the answer.

**Examiners do not require remediation — they require judgment. Documenting "No Action — Reviewed" is a valid supervisory response where posture was evaluated and no change was warranted.**

*Actions may include escalation, analysis, documentation, confirmation of no change, or deferral where appropriate.*

This Section IS	This Section IS NOT
Evidence of supervisory judgment on escalated domains	A task management or workflow system
A map from supervisory awareness to operational response	A compliance checklist or audit trail
Pointers to supporting documentation	A replacement for internal controls testing
Append-only once entries are created	A risk rating or compliance certification

### 3.2 BANK PARTNER & THIRD-PARTY RISK MANAGEMENT

<b>Status:</b>	ESCALATED
<b>Supervisory Rationale:</b>	<ul style="list-style-type: none"> <li>Interagency TPRM guidance finalized (June 2023)</li> <li>Synapse bankruptcy exposed middleware risk</li> <li>Multiple sponsor bank consent orders (2023-2025)</li> <li>FDIC heightened expectations for fintech partnerships</li> </ul>

#### Impacted Services

Service	Operational Scale	Applicability
Program management	12 platform client relationships	High
Deposit enablement	~47,000 end-user accounts	High
Funds custody / ledgering	\$85M monthly volume	High
Card issuance	~32,000 active cards	Medium

## Impacted Partners

Partner Bank	Services Enabled	Enforcement Flag
Evolve Bank & Trust	Deposit accounts, card issuance, payments	YES — FRB Consent Order June 2024
Metropolitan Commercial Bank	Deposit accounts, ACH processing	No

## Actions Taken

Date	Action Type	Description	Evidence Ref
06/2024	Escalation	Evolve consent order flagged to Board Risk Committee; added to quarterly oversight agenda	EV-001
07/2024	Review	Legal review of Evolve Program Agreement for compliance with enhanced sponsor bank requirements	EV-002
08/2024	Update	Updated responsibility allocation matrix to reflect Interagency TPRM guidance expectations	EV-003
09/2024	Review	Conducted Synapse-scenario analysis for reconciliation and funds segregation controls	EV-004
10/2024	Update	Enhanced BCP documentation to address middleware concentration risk	EV-005
01/2025	Escalation	Quarterly Board update on sponsor bank oversight; confirmed continued ESCALATED status	EV-006

## Reasonableness Statement

Given the June 2024 Federal Reserve consent order against Evolve Bank & Trust — our primary BaaS sponsor — and the April 2024 Synapse bankruptcy demonstrating systemic middleware risk, management determined that Bank Partner & Third-Party Risk Management warranted ESCALATED status and proactive action. The actions taken were designed to ensure Board oversight, confirm contractual compliance with evolving expectations, and stress-test operational resilience against observed failure modes.

## 3.3 AML & SANCTIONS (BSA/OFAC)

<b>Status:</b>	ESCALATED
<b>Supervisory Rationale:</b>	<ul style="list-style-type: none"> <li>• AML responsibility allocation between fintech and sponsor bank under regulatory scrutiny</li> <li>• FinCEN expectations for non-bank program managers</li> <li>• Sanctions screening obligations for cross-border flows</li> </ul>

## Impacted Services

Service	Operational Scale	Applicability
AML/KYC services (performed for partner)	12 platform client relationships	High
Payments processing / settlement	\$85M monthly volume	High
Deposit enablement	~47,000 end-user accounts	Medium

## Actions Taken

Date	Action Type	Description	Evidence Ref
08/2024	Update	Completed BSA/AML Responsibility Matrix for Evolve; documented KYC, transaction monitoring, SAR filing allocation	EV-003
09/2024	Review	Reviewed FinCEN guidance (FIN-2019-G001) against current procedures; confirmed alignment	EV-007
10/2024	Review	Conducted annual OFAC sanctions screening effectiveness assessment	EV-008
11/2024	Escalation	Escalated BSA responsibility allocation uncertainty to outside counsel for memo	EV-009
01/2025	Review	Quarterly AML metrics review with Evolve compliance team	EV-010

## Reasonableness Statement

As a non-bank financial infrastructure provider performing AML/KYC services for 12 platform client relationships and processing approximately \$85M in monthly payment volume, we operate in an area of documented regulatory uncertainty regarding BSA/AML responsibility allocation. The actions taken were designed to clearly document responsibility allocation, confirm FinCEN guidance alignment, maintain sanctions screening effectiveness, and acknowledge regulatory uncertainty through appropriate legal escalation.

## 3.4 EVIDENCE INDEX

*Central index of supporting documentation. Enables rapid retrieval if an examiner requests drill-down evidence.*

*Evidence references identify the existence, custodian, and location of supporting materials. Supporting materials are maintained in the Company's own systems of record and are not required to be uploaded to this system.*

**Nothing in this record requires centralization of privileged or confidential materials.**

Ref	Document Description	Date	Location / Custodian
EV-001	Board Risk Committee Minutes — Evolve consent order escalation	06/2024	Board portal / Corporate Secretary
EV-002	Legal Memo — Evolve Program Agreement compliance review	07/2024	Legal / General Counsel
EV-003	BSA/AML Responsibility Matrix — Evolve relationship	08/2024	Compliance / CCO

EV-004	Synapse Scenario Analysis — Reconciliation stress test	09/2024	Operations / COO
EV-005	BCP Enhancement — Middleware concentration risk addendum	10/2024	Operations / COO
EV-006	Board Risk Committee Minutes — Q1 2025 sponsor bank update	01/2025	Board portal / Corporate Secretary
EV-007	FinCEN Guidance Alignment Assessment	09/2024	Compliance / CCO
EV-008	OFAC Sanctions Screening Effectiveness Report	10/2024	Compliance / CCO
EV-009	Outside Counsel Memo — BSA responsibility allocation	11/2024	Legal / General Counsel
EV-010	Joint AML Metrics Review Minutes — Evolve Bank	01/2025	Compliance / CCO

### 3.5 REGISTER INTEGRITY

<b>Register Created:</b>	January 29, 2026
<b>Last Entry Added:</b>	January 29, 2026
<b>Register Owner:</b>	Sarah Chen, General Counsel & Chief Operating Officer

#### REGISTER INTEGRITY NOTE

This section is append-only. New entries may be added as supervisory actions are taken, but existing entries should not be modified or deleted.

**Entries are recorded contemporaneously or as soon as practicable following the supervisory action.**

### 3.6 ACKNOWLEDGMENT

I acknowledge that the actions documented in this section reflect supervisory decisions made in response to ESCALATED domains. This provides evidence of judgment exercised, not certification of compliance or control effectiveness.

**Signature:** /s/ Sarah Chen

**Printed Name:** Sarah Chen

**Title:** General Counsel & Chief Operating Officer

**Date:** January 29, 2026

## HOW THIS INTEGRATES WITH ENTERPRISE RISK MANAGEMENT

This Digital Regulatory Supervision Record operates alongside — and does not replace — the Company's enterprise risk assessment, control testing, and issue management frameworks.

DRSR Component	Purpose in This Record	Where It Integrates in the Risk Stack
<b>Regulatory Awareness Record (RAR)</b>	Supervisory signals and developments known as of the record date	Enterprise Risk Assessment inputs; Emerging Risk Identification
<b>Supervisory Applicability &amp; Attestation (SAA)</b>	How supervisory expectations apply to the Company	Risk appetite interpretation; Regulatory risk ownership
<b>Supervisory Action Register (SAR)</b>	Actions and decisions resulting from supervisory awareness	Issue management; Management action tracking; Board reporting

# RECORD INTEGRITY & LIMITATIONS

<b>Record ID:</b>	<b>DRSR-2026-ILLCO-JAN29</b>
<b>Date Generated:</b>	January 29, 2026 (Sections 1, 2, 3)
<b>Methodology:</b>	Supervisory signal analysis based on publicly observable regulatory and enforcement sources; point-in-time record
<b>Format:</b>	Section 1 (RAR): Immutable   Section 2 (SAA): Attested   Section 3 (SAR): Append-only

## Limitations

- Relies solely on publicly available regulatory and enforcement sources
- Reflects supervisory awareness as of stated dates only
- Does not assess compliance or legal sufficiency
- Does not replace advice of internal or external counsel
- Does not certify controls, policies, or operational outcomes

## POINT-IN-TIME DESIGN

**This record proves what was known and decided at the time—not reconstructed after the fact. Future regulatory developments, operational changes, or inconsistent future use do not negate the supervisory awareness documented herein.**

## SUPERVISORY VALIDATION OF GENERATED CONTENT

*Where any content in this record was initially generated or drafted with automated assistance, supervisory review and judgment were exercised prior to attestation. Supervisory ownership and decision-making authority remain solely with the designated supervisory owner.*

END OF RECORD

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