

119TH CONGRESS
1ST SESSION

S. 2528

To establish AI Innovation Labs that permit certain persons to experiment with artificial intelligence without expectation of enforcement actions.

IN THE SENATE OF THE UNITED STATES

JULY 29, 2025

Mr. ROUNDS (for himself, Mr. HEINRICH, Mr. TILLIS, and Mr. KIM) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish AI Innovation Labs that permit certain persons to experiment with artificial intelligence without expectation of enforcement actions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unleashing AI Innova-
5 tion in Financial Services Act”.

6 **SEC. 2. DEFINITIONS.**

7 (1) AI TEST PROJECT.—The term “AI test
8 project” means a financial product or service that—

1 (A) falls under the jurisdiction of a finan-
2 cial regulatory agency;

3 (B) makes substantial use of artificial in-
4 telligence; and

5 (C) is, or may be, subject to a Federal reg-
6 ulation or Federal statute.

7 (2) APPROPRIATE FINANCIAL REGULATORY
8 AGENCY.—The term “appropriate financial regu-
9 latory agency” means—

10 (A) the appropriate Federal banking agen-
11 cy, as defined in section 3 of the Federal De-
12 posit Insurance Act (12 U.S.C. 1813), with re-
13 spect to an institution described in subsection
14 (q) of that section;

15 (B) the Securities and Exchange Commis-
16 sion, with respect to an institution not de-
17 scribed in subparagraph (A) that is—

18 (i) any broker or dealer that is reg-
19 istered with the Commission under the Se-
20 curities Exchange Act of 1934 (15 U.S.C.
21 78a et seq.);

22 (ii) any investment company that is
23 registered with the Commission under the
24 Investment Company Act of 1940 (15
25 U.S.C. 80a–1 et seq.);

1 (iii) any investment adviser that is
2 registered with the Commission under the
3 Investment Advisers Act of 1940 (15
4 U.S.C. 80b–1 et seq.);

5 (iv) any clearing agency registered
6 with the Commission under the Securities
7 Exchange Act of 1934 (15 U.S.C. 78a et
8 seq.);

9 (v) any nationally recognized statis-
10 tical rating organization registered with
11 the Commission under the Securities Ex-
12 change Act of 1934 (15 U.S.C. 78a et
13 seq.);

14 (vi) any transfer agent registered with
15 the Commission under the Securities Ex-
16 change Act of 1934 (15 U.S.C. 78a et
17 seq.);

18 (vii) any exchange registered as a na-
19 tional securities exchange with the Com-
20 mission under the Securities Exchange Act
21 of 1934 (15 U.S.C. 78a et seq.);

22 (viii) any national securities associa-
23 tion registered with the Commission under
24 the Securities Exchange Act of 1934 (15
25 U.S.C. 78a et seq.);

1 (ix) any securities information proc-
2 essor registered with the Commission
3 under the Securities Exchange Act of 1934
4 (15 U.S.C. 78a et seq.);

5 (x) the Municipal Securities Rule-
6 making Board established under the Secu-
7 rities Exchange Act of 1934 (15 U.S.C.
8 78a et seq.);

9 (xi) the Public Company Accounting
10 Oversight Board established under the
11 Sarbanes-Oxley Act of 2002 (15 U.S.C.
12 7211 et seq.);

13 (xii) the Securities Investor Protection
14 Corporation established under the Securi-
15 ties Investor Protection Act of 1970 (15
16 U.S.C. 78aaa et seq.); and

17 (xiii) any security-based swap execu-
18 tion facility, security-based swap data re-
19 pository, security-based swap dealer, or
20 major security-based swap participant reg-
21 istered with the Commission under the Se-
22 curities Exchange Act of 1934 (15 U.S.C.
23 78a et seq.), with respect to the security-
24 based swap activities of the person that re-

1 quire such person to be registered under
2 such Act;

3 (C) the Bureau of Consumer Financial
4 Protection, with respect to a covered person, as
5 defined in section 1002 of the Consumer Finan-
6 cial Protection Act of 2010 (12 U.S.C. 5481),
7 that does not have an appropriate financial reg-
8 ulatory agency under subparagraph (A), (B),
9 (D), or (E) of this paragraph;

10 (D) the National Credit Union Administra-
11 tion, with respect to an insured credit union, as
12 defined in section 101 of the Federal Credit
13 Union Act (12 U.S.C. 1752); and

14 (E) the Federal Housing Finance Agency,
15 with respect to—

16 (i) a Federal Home Loan Bank;

17 (ii) the Federal Home Loan Bank
18 System;

19 (iii) the Federal National Mortgage
20 Association; and

21 (iv) the Federal Home Loan Mortgage
22 Corporation.

23 (3) ARTIFICIAL INTELLIGENCE; AI.—The terms
24 “artificial intelligence” and “AI” have the meaning
25 given the term “artificial intelligence” in section

1 5002 of the National Artificial Intelligence Initiative
2 Act of 2020 (15 U.S.C. 9401).

3 (4) COMMISSION.—The term “Commission”
4 means the Securities and Exchange Commission.

5 (5) FEDERAL SECURITIES LAWS.—The term
6 “Federal securities laws” means—

7 (A) the Securities Act of 1933 (15 U.S.C.
8 77a et seq.);

9 (B) the Securities Exchange Act of 1934
10 (15 U.S.C. 78a et seq.);

11 (C) the Sarbanes-Oxley Act of 2002 (15
12 U.S.C. 7201 et seq.);

13 (D) the Trust Indenture Act of 1939 (15
14 U.S.C. 77aaa et seq.);

15 (E) the Investment Company Act of 1940
16 (15 U.S.C. 80a–1 et seq.);

17 (F) the Investment Advisers Act of 1940
18 (15 U.S.C. 80b–1 et seq.);

19 (G) the Jumpstart Our Business Startup
20 Act (Public Law 112–106; 126 Stat. 306); and

21 (H) the Dodd-Frank Wall Street Reform
22 and Consumer Protection Act (Public Law
23 111–203; 124 Stat. 1376).

24 (6) FINANCIAL PRODUCT OR SERVICE.—The
25 term “financial product or service”—

(A) has the meaning given the term in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481);

(B) includes—

(i) activities that are financial in nature, as defined in section 4(k)(4) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)(4));

(ii) any financial product or service provided by a person regulated by the Commission, as defined in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481); and

(iii) includes the offer or sale of any security subject to the Federal securities laws; and

(C) does not include the business of insurance.

(7) FINANCIAL REGULATORY AGENCY.—The term “financial regulatory agency” means—

(A) the Board of Governors of the Federal Reserve System;

(B) the Federal Deposit Insurance Corporation;

1 (C) the Office of the Comptroller of the
2 Currency;

3 (D) the Securities and Exchange Commis-
4 sion;

5 (E) the Bureau of Consumer Financial
6 Protection;

7 (F) the National Credit Union Administra-
8 tion; and

9 (G) the Federal Housing Finance Agency.

10 (8) REGULATED ENTITY.—The term “regulated
11 entity” means an entity regulated by any financial
12 regulatory agency.

13 **SEC. 3. USE OF ARTIFICIAL INTELLIGENCE BY REGULATED**
14 **FINANCIAL ENTITIES.**

15 (a) AI INNOVATION LABS.—

16 (1) ESTABLISHMENT.—Each financial regu-
17 latory agency shall establish, or identify an office,
18 division, or department of the agency that shall
19 serve as, an AI Innovation Lab to enable regulated
20 entities to experiment with AI test projects without
21 unnecessary or unduly burdensome regulation or ex-
22 pectation of enforcement actions, pursuant to the
23 approval of an application under paragraph (2).

24 (2) APPLICATIONS.—

25 (A) SUBMISSION.—

1 (i) IN GENERAL.—A regulated entity
2 may submit to the appropriate financial
3 regulatory agency an application, on a
4 form determined by the appropriate finan-
5 cial regulatory agency, to engage in an AI
6 test project through the AI Innovation Lab
7 established or identified under paragraph
8 (1).

9 (ii) CONTENTS.—An application sub-
10 mitted under clause (i) shall include—

11 (I) a description of the AI test
12 project proposed to be carried out by
13 the regulated entity;

14 (II) an alternative compliance
15 strategy that—

16 (aa) identifies a regulation
17 issued by the appropriate finan-
18 cial regulatory agency that the
19 regulated entity requests to be
20 waived or modified; and

21 (bb) proposes an alternative
22 method for the regulated entity
23 to comply with the regulation, in-
24 cluding an explanation as to why
25 the alternative method is essen-

1 tial to the operation of the entity
2 and how the regulated entity
3 would effectively manage risks
4 associated with the AI test
5 project;

6 (III) an explanation of how under
7 the strategy described in subclause
8 (II), the AI test project—

9 (aa) would serve the public
10 interest, improve consumer or in-
11 vestor access to a financial prod-
12 uct or service, or promote con-
13 sumer or investor protection;

14 (bb) would enhance effi-
15 ciency or operations, foster inno-
16 vation or competitiveness, im-
17 prove risk management and secu-
18 rity, or enhance regulatory com-
19 pliance;

20 (cc) would not present a sys-
21 temic risk to the financial system
22 of the United States;

23 (dd) is consistent with the
24 purposes of the anti-money laun-
25 dering and countering the financ-

1 ing of terrorism obligations under
2 subchapter II of chapter 53 of
3 title 31, United States Code; and
4 (ee) would not present a na-
5 tional security risk to the United
6 States;

7 (IV) a proposed date on which
8 the AI test project would terminate
9 and an explanation why such termi-
10 nation date would be appropriate;

11 (V) proposed limitations on the
12 size, scope, and growth of the AI test
13 project;

14 (VI) a detailed business plan;
15 and

16 (VII) an estimate of the eco-
17 nomic impact of the AI test project if
18 approved.

19 (iii) JOINT APPLICATIONS.—Two or
20 more regulated entities may submit a joint
21 application to the same financial regu-
22 latory agency under clause (i).

23 (iv) REGULATIONS OF OTHER AGEN-
24 CIES.—

1 (I) IN GENERAL.—A regulated
2 entity may submit an application
3 under this subparagraph that includes
4 an alternative compliance strategy for
5 a regulation issued or enforced by a
6 financial regulatory agency that is not
7 the appropriate financial regulatory
8 agency for the regulated entity.

9 (II) REQUIREMENTS.—An appli-
10 cation described in subclause (I) shall
11 be subject to the same requirements
12 as an application described in clause
13 (ii), except that—

14 (aa) the regulated entity
15 shall submit the application to
16 the appropriate financial regu-
17 latory agency and the financial
18 regulatory agency that issued or
19 enforces the regulation that is
20 the subject of the alternative
21 compliance strategy; and

22 (bb) the AI test project may
23 not take effect unless the appro-
24 priate financial regulatory agency
25 and any other financial regu-

latory agency that issued or enforces the regulation that is the subject of the alternative compliance strategy jointly approve the application using the process described in subparagraph (B).

(v) NOTICE.—A regulated entity that is regulated or supervised by more than 1 financial regulatory agency shall provide notice of any application submitted to the appropriate financial regulatory agency under this section to each financial regulatory agency by which it is regulated or supervised not later than 5 business days after the entity submits the application to the appropriate financial regulatory agency.

(B) AGENCY REVIEW.—

(i) IN GENERAL.—Except as provided in clause (iv), not later than 120 days after the date on which an application is submitted to the appropriate financial regulatory agency under subparagraph (A), the appropriate financial regulatory agency shall—

1 (I) review the application; and

2 (II) submit to the applicant in
3 writing a determination of the agency.

4 (ii) APPROVAL.—

5 (I) IN GENERAL.—If the appli-
6 cant shows that it is more likely than
7 not that the application meets the re-
8 quirements for establishing an alter-
9 native compliance strategy and satis-
10 fies the standards described in sub-
11 clauses (II) and (III) of subparagraph
12 (A)(ii), the agency shall approve the
13 application and notify the applicant in
14 writing of—

15 (aa) the regulation that is
16 the subject of the alternative
17 compliance strategy;

18 (bb) the terms of the alter-
19 native compliance strategy for
20 the AI test project;

21 (cc) the date on which the
22 AI test project will terminate;

23 (dd) any limitations on the
24 size, scope, or growth of the AI
25 test project; and

1 (ee) any additional limita-
2 tions or conditions on the AI test
3 project, as determined by the ap-
4 propriate financial regulatory
5 agency.

6 (II) EFFECT OF APPROVAL.—

7 With respect to an AI test project, ex-
8 cept as provided in subclause (III),
9 beginning on the date on which an ap-
10 plication submitted under subpara-
11 graph (A) is approved and ending on
12 the date described in subclause
13 (I)(cc)—

14 (aa) the appropriate finan-
15 cial regulatory agency may en-
16 force a regulation described in
17 subclause (I)(aa) only in the
18 manner set out in the alternative
19 compliance strategy described in
20 subclause (I)(bb); and

21 (bb) a financial regulatory
22 agency that is not the appro-
23 priate financial regulatory agency
24 may not enforce a regulation de-
25 scribed in subclause (I)(aa).

(III) ENFORCEMENT BY AN-

OTHER FINANCIAL REGULATORY

AGENCY.—With respect to an AI test

project, a financial regulatory agency

other than the appropriate financial

regulatory agency that approves an

application under subparagraph

(A)(iv) may enforce a regulation de-

scribed in subclause (I)(aa) if the al-

ternative compliance strategy de-

scribed in subclause (I)(bb) provides

for enforcement by such financial reg-

ulatory agency.

(IV) RULE OF CONSTRUCTION.—

Nothing in this clause may be con-

strued to limit the authority of a fi-

nancial regulatory agency to take an

enforcement action against a regu-

lated entity with respect to fraud or

for engaging in an unsafe or unsound

practice relating to an AI test project.

(iii) DENIAL.—

(I) IN GENERAL.—If an agency

denies an application submitted under

subparagraph (A), the agency—

1 (aa) shall submit to the ap-
2 plicant a written notice explain-
3 ing the reason for denial; and

4 (bb) may not take an en-
5 forcement action related to the
6 proposed AI test project against
7 the applicant earlier than the
8 date that is 30 days after the
9 date on which the agency submits
10 the written notice described in
11 item (aa).

12 (II) RESUBMITTALS.—Each time
13 an application submitted under sub-
14 paragraph (A) is denied, the regulated
15 entity—

16 (aa) may submit an amend-
17 ed application after receiving
18 feedback from the agency making
19 such denial; and

20 (bb) may not resubmit more
21 than 2 applications that are sub-
22 stantially similar to the denied
23 application.

24 (III) INJUNCTIVE RELIEF.—A fi-
25 nancial regulatory agency, by and

1 through its own attorneys, may file a
2 civil action in an appropriate United
3 States district court to enjoin an AI
4 test project if the agency determines
5 that the AI test project—

6 (aa) presents an immediate
7 danger to consumers or investors;
8 or

9 (bb) presents a risk—

10 (AA) to financial mar-
11 kets;

12 (BB) in the case of an
13 AI test project engaged in
14 by an insured depository in-
15 stitution or an insured credit
16 union, of loss to a Federal
17 deposit or share insurance
18 fund;

19 (CC) of a violation of
20 anti-money laundering and
21 countering the financing of
22 terrorism obligations under
23 subchapter II of chapter 53
24 of title 31, United States
25 Code; or

1 (DD) to the national
2 security of the United
3 States.

4 (iv) EXTENSION.—If the financial reg-
5 ulatory agency needs additional time, the
6 agency may extend the approval deadline
7 by 120 days. After the expiration of the
8 120-day extension period, if the agency has
9 not made a determination on the applica-
10 tion, the application will automatically be
11 deemed approved and effective.

12 (C) DATA SECURITY.—All data supplied by
13 sponsors of AI test projects to a financial regu-
14 latory agency submitted under this section shall
15 be stored and maintained in a secure manner
16 by the financial regulatory agency, consistent
17 with applicable data security standards.

18 (D) REGULATIONS.—Not later than 180
19 days after the date of enactment of this Act,
20 each financial regulatory agency shall promul-
21 gate regulations that—

22 (i) shall be published in the Federal
23 Register and provide a 60-day period for
24 public notice and comment; and

25 (ii) include—

1 (I) procedures for modifying the
2 AI test projects that are approved by
3 the agency;

4 (II) consequences for failure to
5 comply with the terms of an alter-
6 native compliance strategy;

7 (III) a requirement that an AI
8 test project will terminate not earlier
9 than 1 year after the AI test project
10 is approved;

11 (IV) procedures to extend the
12 termination date described in sub-
13 clause (III);

14 (V) procedures for confiden-
15 tiality; and

16 (VI) procedures for coordinating
17 decisions relating to applications sub-
18 mitted jointly by multiple regulated
19 entities or applications submitted to
20 more than one financial regulatory
21 agency.

22 (b) REPORT.—Not later than 2 years after the date
23 of enactment of this Act, and each year for 7 years there-
24 after, each financial regulatory agency shall submit to the
25 Committee on Banking, Housing, and Urban Affairs of

1 the Senate and the Committee on Financial Services of
2 the House of Representatives an annual report on the out-
3 comes of AI test projects. A report under this subsection
4 may not include the names of participating entities or any
5 proprietary or confidential business information. A report
6 under this subsection shall include aggregated findings,
7 trends, and lessons learned from the AI test projects.

8 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
9 tion may be construed to limit the authority of a financial
10 regulatory agency to take an enforcement action against
11 a regulated entity with respect to fraud relating to an AI
12 test project.

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