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AI-linked hacks hit South Korean banks, prompting tool pull

The open-source Chinese tool Artex was tied to breaches at more than seven financial institutions, and CrowdStrike assessed a single financially motivated actor in China likely used AI tools in the campaign. The developer closed the project over misuse, a case study in how open AI tooling becomes offensive infrastructure.

Breaches at more than seven institutions affected over 68,000 people.

CORROBORATED BY 2 OUTLETS, 1 TIER 1

[Read the source](#)

Banking regulators open a new front on AI risk

The Fed, OCC and FDIC are querying banks on agentic AI use, while the ECB has an end-October deadline for plans against AI-enabled cyber threats. Supervisory expectations around AI governance and recovery capability are forming now and will shape bank tech budgets.

[Read the source](#)

IMF and World Bank launch the Bangkok Blueprint against cyber fraud

The two institutions are coordinating a global framework for policymakers and financial institutions on cyber-enabled fraud, a sign the risk is being treated as systemic rather than local. Expect compliance and cross-border reporting expectations to follow.

Global losses are estimated at \$1 trillion annually.

CORROBORATED BY 2 OUTLETS, 1 TIER 1

[Read the source](#)

RCT: AI lifts patent drafting quality, but learning gains go to seniors

A three-month randomized trial found AI assistance improved drafts but junior lawyers showed no average gain on an unassisted judgment task, with outcomes bifurcating. It is the cleanest evidence yet of a trade-off between immediate productivity and durable skill formation.

The study covered 133 lawyers at eleven U.S. IP law firms; treated lawyers beat controls by 0.32 SD on the unassisted task.

1 OUTLET, 1 TIER 1

[Read the signal](#)

Meta enters the frontier model market with Muse Wonder

Meta's first frontier models claim parity with leading rivals and are priced at \$4 per million input tokens, adding a new variable to high-end inference economics. The release pressures incumbent vendor revenue assumptions and resets expectations for Meta's capex.

API pricing is \$4 per million input tokens.

[Read the signal](#)

SpaceX caves to NYC Council subpoena on AI safety

After skipping a hearing where Anthropic, OpenAI, Meta and Google testified, SpaceX agreed to appear once the council threatened judicial enforcement. Subpoena power is becoming a working tool for local AI oversight, and legal exposure is turning into a line item for frontier AI operators.

[Read the signal](#)

THE INDUSTRY · FINANCIAL SERVICES, NO AI ANGLE

[OCC blasts debanking instances by JPMorgan, others in report](#)

bankingdive.com · T2

[India's IDBI Bank falls 7% as government announces \\$5.5 billion stake sale to Canada's](#)

[Fairfax - CNBC](#)

cnbc.com · T2

[Bank of America is set to report third-quarter earnings - here's what the Street expects - CNBC](#)

cnbc.com · T2

[Illinois AG Appeals Ruling Shielding Federal Credit Unions ...](#)

cutoday.info · T2

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What Does LALM Post-training Learn? Rethinking Audio Understanding and Reasoning Capabilities

Post-training gains on audio-reasoning benchmarks (MMAU, MMAR) mostly reflect learned multiple-choice format shortcuts and text priors rather than improved audio understanding: gains persist under silent audio and col...

BEARS ON 1 · RIGOR HIGH

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When Is Smaller Greener? Right-Sizing Language Models for Agentic AI

For agentic tasks, comparing models per call is misleading: measured per successfully completed task, the greenest (and cheapest/fastest) model changes with task length, from 1-3B parameter models for short tasks to 8...

BEARS ON 3 · RIGOR LOW

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EvoProbe: Evaluation-Driven Benchmark Evolution for LLM Agents

Benchmark tasks regenerated from model diagnostic feedback are measurably harder for LLM agents than seed-derived tasks, with mean Outcome scores dropping 11.8% and Pass³ dropping 40.0% (10.42% to 6.25%) across eight...

BEARS ON 2 · RIGOR LOW

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DeLoop: Repeated Actions as Self-Supervision for Long-Horizon Agents

Agents repeatedly re-issue identical tool calls whose observations they already have, and a self-supervised DPO method trained on the agent's own loop recoveries cuts this behavior sharply while reducing steps per tas...

BEARS ON 1 · RIGOR MEDIUM

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Tail Competition Explains Scaling in Best-of-N Sampling for Verifiable Problems

Best-of-N sampling success is governed by a competition between the extreme reward tails of correct and incorrect responses: with an imperfect reward model, gains can converge polynomially rather than exponentially an...

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Why Do Agent Teams Fail Across Boundaries? A Failure Taxonomy for Agent-to-Agent Systems with Private States

In agent-to-agent systems where agents serve different principals with private state, failures cluster into 20 identifiable modes, and three regularities hold across harnesses and models: agents only contact peers whe...

BEARS ON 1 · RIGOR MEDIUM

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Diagnosing and Correcting Reward Hacking in Verifiable Instruction Following

Standard verifier-based reward training for instruction following causes reward hacking: frontier and open models gain constraint satisfaction but lose response quality, and a likelihood-calibrated reward (CaLIF) fixe...

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🔪-Emotion-Bench: Exposing the Interaction Fragility of LLM Agents through Real-World User Emotions

Frontier LLM agents lose substantial task-completion reliability when the simulated user expresses emotions, and fine-tuning small models on interaction-aware trajectories (Tracer) narrows much of the gap.

BEARS ON 1 · RIGOR MEDIUM

Open tools, open subpoenas, cheaper tokens

The tool is the attack. The most interesting thing about [the breaches at seven South Korean banks](#) is not that a Chinese actor hacked banks, banks get hacked, but that the weapon was an ordinary open-source AI tool, and the developer's response was to delete the project. That is the security model of open AI tooling in miniature: nobody is in charge, so the person closest to the exit pulls it. CrowdStrike assessed a single financially motivated actor used AI tooling in the campaign, which suggests we are early in a pipeline where general-purpose models and tools become standard-issue offensive infrastructure. What would strengthen that reading: more incidents where the tool lineage is traceable and the actor is mundane, not state-tier. What would weaken it: evidence that these were conventional intrusions with AI garnish rather than AI-enabled capability gains.

Regulators read the same news. The supervisors did. [The Fed, OCC and FDIC are querying banks on agentic AI use](#), the ECB has an end-October deadline for AI-cyber plans, and [the IMF and World Bank have launched the Bangkok Blueprint](#) treating cyber-enabled fraud as systemic rather than local. The direction of travel is that AI governance becomes a bank examination item, which means it becomes a budget line, which means CISOs get money. Meanwhile [SpaceX caved to a New York City Council subpoena on AI safety](#) after the council threatened judicial enforcement, which tells you local subpoena power works and legal exposure is becoming a cost of doing business for frontier labs. That fits a broader view that [government intervention in AI is now frequent and unpredictable enough that addressable revenue must be modeled as structurally volatile](#), not something that recovers on schedule. What would strengthen it: more cities and states actually enforcing, not just threatening. What would weaken it: councils backing down, or courts narrowing local jurisdiction over AI operators.

The apprenticeship problem gets its RCT. A [randomized trial on AI and patent drafting](#) found the drafts got better but juniors showed no average gain on unassisted judgment, with outcomes bifurcating by seniority. This is the cleanest evidence yet for the view that [AI adoption compresses the apprenticeship ladder](#): you get more output per senior, but juniors who lean on the tool never build the judgment the tool emulates. It does not yet support the stronger claim that [measured productivity gains are large enough to change staffing plans](#); better drafts in one document type for three months is a data point, not a hiring decision. Strengthening evidence would be firm-level data tying AI use to actual headcount. Weakening evidence would be juniors catching up on unassisted tasks after a longer run-in period.

Meanwhile, the price war continues. Meta's [frontier-priced Muse Wonder at \\$4 per million input tokens](#) is consistent with the view that [inference cost per unit of capability keeps falling](#), and with a market where [frontier models cluster tightly](#). When the fourth entrant prices at parity and undercuts, vendor revenue assumptions deserve the scrutiny they are getting.

The cheapest token, as ever, is the one someone else paid to train.

WHAT BUILDERS ARE READING

TOOLING & MODELS

Krea 3 - Frontier Image Model 4x faster than Nano Banana Pro

Krea 3 image model claims 4x speed over Nano Banana Pro, relevant to image-gen vendor evaluations

HN · 13 points · 8 comments

SECURITY & GOVERNANCE

Prompt injection in HTTP headers: what 217M web responses show

Study of prompt injection via HTTP headers across 217M responses, a threat surface for any LLM feature ingesting web content

HN · 38 points · 9 comments

BANKS & PAYMENTS • 8

[US credit unions MSUFCU and UFCU to merge - FinTech Futures](#)

fintechfutures.com • T2

[Apate sends AI agents undercover to get scammed so they can gather fraud intelligence](#)

techcrunch.com • T2

[Deutsche Bank deploys Farsight across investment banking workflows - FinTech Futures](#)

fintechfutures.com • T2

[JPMorgan to livestream fraud-fighting event to 700 branches](#)

bankingdive.com • T2

[IBM executive warns of risk of quantum computing hacks](#)

phys.org • T1

['Godzilla El Niño' is wreaking havoc with Philippine central bank's inflation forecasts - CNBC](#)

cnbc.com • T2

[AI tools for marketing, how Chime brings research, creative and media in-house](#)

adage.com • T2

[Turn Generational Insights into Stronger Banking Relationships - The Financial Brand](#)

thefinancialbrand.com • T2

DEALS & MARKETS • 5

[JPMorgan and Goldman limit exposure to \\$5bn AI infrastructure loan - Private Equity Wire](#)

privateequitywire.co.uk • T2

[Stock Market Today: Dow Rises On Bank Earnings; Micron, Sandisk, SK Hynix Sell Off \(Live Coverage\) - Investor's Business Daily](#)

investors.com • T2

[Jim Cramer explains why even strong bank earnings couldn't save their stocks - CNBC](#)

cnbc.com • T2

[Citigroup Q3 Earnings Call Highlights Higher Return Outlook and AI Gains](#)

finance.yahoo.com • T3

[SoFi, Figure co-founder raises \\$19M for newest venture](#)

bankingdive.com • T2

CHIPS & INFRASTRUCTURE • 2

[Williams says Fed may not have to hike rates in 2027, at odds with traders - CNBC](#)

cnbc.com • T2

[SBS launches sovereign AI platform for banks with NVIDIA | The Paypers](#)

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LABS & MODELS • 4

[Square's new kiosk lets you talk to AI for help with your order](#)

theverge.com • T2

[JPMorgan Chase blocks outside AI agents like Muse, Instinct from directly accessing accounts - CNBC](#)

cnbc.com • T2

[Eight states sue OpenAI, saying ChatGPT isn't safe for kids](#)

theverge.com • T2

[How Block is building AI-powered security with OpenAI technology](#)

openai.com • T1

POLICY & REGULATION • 4

[Fed's Bowman says there's time to 'wait and see' before any more action - Kitco](#)

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[The Many Open Questions About the Trump Administration's New De Facto AI Model Licensing System](#)

lawfaremedia.org • T1

[October 2026 Regulatory Update: TPRM Proposal, State AI Framework & More](#)

ncontracts.com • T3

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BLIND SPOTS • DEVELOPMENTS THE DESK KNOWS IT MISSED

[FBI arrests OpenAI employee accused of planting hidden recording device in conference room - TechCrunch](#)

[Justice Department says Saudi national arrested for installing audio recording device at OpenAI - CNBC](#)

[Scoop: The FTC demanded documents from AI giants over recent safety incidents - Axios](#)

[OpenAI escalates trade secret fight with Apple - CNBC](#)

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