



## Federal Financial Analytics, Inc.

### Recent Proprietary Strategic Projects and Relevant Policy Action

#### Regulatory Comparative-Advantage Analytics:

- ❖ **For a U.S. G-SIB:** Major retail and wholesale business lines were mapped against current and prospective regulatory, legislative, and policy developments in the U.S., U.K., EU, Japan, China and other relevant financial markets. Federal Financial Analytics met with business-line heads, legal, risk-management, treasury, and other key staff to prioritize concerns and ensure that business planning was not “siloeed.” Federal Financial Analytics provided the G-SIB with strategic risks landscaped for each business line, noting both policy and product options to mitigate these risks. New product and client opportunities were also identified. Ongoing business planning and advocacy is now under way.
- ❖ **For a G-SIFI board:** Federal Financial Analytics analyzed strategic options, noting unrecognized regulatory issues that required strategic review. M&A, product, and related options were identified and actions were then undertaken to maximize franchise value under difficult regulatory conditions.
- ❖ **With private-equity investors:** Building on prior work identifying policy drivers affecting ROI in the mortgage/monoline-bond insurance arenas, Federal Financial Analytics has developed a new specialized bank charter model designed to deliver a non-traditional financial service with comparative advantage to the U. S. capital market.
- ❖ **For a global insurance company:** Federal Financial Analytics has identified risks and opportunities in specific business lines based on the application of banking versus insurance regulation. This project takes into account pending Federal Reserve action on capital regulation, the potential that global or U.S. regulators will designate certain insurance or asset-management activities as systemic, and the impact of pending changes in securitization structures for U.S. residential mortgages.
- ❖ **For another global insurer:** Federal Financial Analytics has monitored global regulatory developments that affect key business lines, recommending analytical, advocacy, and strategic responses based on how these developments affect key non-U.S. markets and relate to relevant U.S. action.
- ❖ **For a major financial-services firm:** In a recent nine-figure case filed against a major financial-services firm Karen Shaw Petrou provided expert testimony deemed by counsel to have been key to persuading arbiters to decide in favor of the financial institution.

#### Public-Policy Analytics:

- ❖ **For a major banking-industry trade association:** Federal Financial Analytics prepared a [study](#) of the regulatory costs associated with post-crisis regulation, developing a methodology to quantify these costs for the six largest U.S. banking organizations. Press, including that in the *Wall Street Journal*, <http://blogs.wsj.com/moneybeat/2014/07/30/the-cost-of-new-banking-regulation-70-2-billion/> and <http://blogs.wsj.com/moneybeat/2014/07/30/where-the-too-big-to-fail-debate-stands/?KEYWORDS=too+big+to+fail+debate>, highlighted the study in concert with assessing the extent to which these banks receive a taxpayer subsidy.

- ❖ **For a provider of credit-enhancement products:** Federal Financial Analytics prepared a comment letter to a recent inter-agency proposal on eligible guarantors for purposes of regulatory-capital credit.

#### Pro bono:

- In concert with a major private foundation, Federal Financial Analytics has developed the “Eye-Bond,” a unique financial instrument making use of a limited federal guarantee to support translational biomedical research. Active consideration of this option is under way in the U.S. Senate.

#### Independent Leadership:

- ❖ Federal Financial Analytics has prepared an [assessment](#) of the activities and practices conducted by asset managers that might trigger FSOC systemic designation. This in-depth analysis also address growing worries about asset-manager resolvability and the extent to which the Federal Reserve will need to establish a new emergency-liquidity facility for MMFs as the reverse-repo program ramps up.
- ❖ An in-depth paper on shadow banking was presented by Karen Shaw Petrou for the [Federal Reserve Bank of Chicago](#), with the [press](#) highlighting it. Ms. Petrou also focused on this issue on a panel with the head of the European Parliament convened in March by the [OCC](#). On May 14, Comptroller Curry called for action on two points Ms. Petrou raised.
- ❖ Federal Financial Analytics provided clients with an alert regarding [geopolitical](#) risk and regulatory expectations in this area as the Ukraine crisis ramped up. This paper is based on the firm’s proprietary practice, especially that related to advising boards of directors and senior management considering stress-test and resolution-plan results.
- ❖ Federal Financial Analytics released a redacted version of an [in-depth assessment](#) of U.S. consumer-financial regulation and a recommended new approach to it. This would move away from standards so detailed as to make compliance not only highly complex and costly, but also often hard to enforce. The new approach would set timely, binding, clear principles backed by detailed examination standards and similar material for hands-on industry and regulatory personnel. The paper also lays out a list of emerging issues we believe regulators are missing because of the time it takes to issue the massive rules now favored by all of the federal agencies. This delay makes consumer protection all too often a rear-guard action that puts consumers and risk and penalizes best-practice providers.
- ❖ Federal Financial Analytics advised clients that the Federal Reserve would take the tough stand it then did on big-bank [stress tests](#). We also laid out an advisory on how boards of directors and senior management should ensure that the Board’s qualitative criteria are met.

Federal Financial Analytics, Inc. is a proprietary think tank providing analytical and advisory services on legislative, regulatory, and public-policy issues affecting global financial-services companies. Since 1985, the firm’s practice has been a unique blend of strategic advice and policy analysis, serving as a thought leadership resource for boards of directors and senior management seeking a forward looking assessment of risks, opportunities, governance, and other matters critical to success. Clients also include senior regulators and policy-makers around the globe, who rely on the firm’s objectivity for confidential forecasts of the market impact of actions under consideration.



1121 Fourteenth Street, NW  
 Washington, DC 20005  
 202.589.0880  
[www.fedfin.com](http://www.fedfin.com)  
[Info@fedfin.com](mailto:Info@fedfin.com)