



FedFin Daily Briefing

Wednesday, November 4, 2020

SLR Not Seen to Reduce Bank Lending

In minutes of the Treasury Borrowing Advisory Committee released [today](#), a Treasury debt manager concluded that the recent change to the SLR denominator ([see FSM LEVERAGE23](#)) has “facilitated” larger bank holdings of USGs, but not caused them. This is contrary to assertions that temporary SLR relief has decreased bank lending and thus should not be extended after the scheduled March 31, 2021 expiration. The debt manager argued that increased bank Treasury holdings are due to deposit inflows, weak loan demand, risk aversion, and the value of longer-dated USG holding to offsetting NIM compression.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics’ website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing requests@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about GSE Activity Reports, click: http://www.fedfin.com/index.php?option=com_content&view=article&id=18&Itemid=18

- [DATA](#): In 2010, Congress told the CFPB to determine how consumer-finance providers are to give consumers access to their data.
- [GSE-110220](#): Here, we follow our in-depth analysis of the OCC’s [new true-lender rule](#) with an assessment of the standards’ mortgage-market consequences.
- [PREEMPT35](#): In the wake of its final rule on the “valid-when-made” doctrine, the OCC has moved quickly to finalize its controversial proposal defining when a national bank or federal savings association (FSA) is a “true lender” for purposes of state usury ceilings and consumer protection.
- [FAIRLEND9](#): Congressional Democrats have introduced legislation that formally expands civil-rights obligations to financial institutions.
- [GSE-102820](#): This analysis builds on our [in-depth assessment](#) of the new inter-agency net stable funding ratio (NSFR) rule to highlight strategic implications for U.S. housing finance.
- [LIQUIDITY32](#): After expectations that the U.S. might well not adhere to the Basel Committee’s NSFR standards, the banking agencies have finalized their 2016 proposal, albeit in significantly revised form.
- [GSE-102120](#): As we noted late last week, African-Americans and Hispanics have a heck of a time enjoying the benefit of low mortgage rates despite like-kind default risk to white borrowers.
- [PAYMENT21](#): The FSB and many other global bodies have finalized a vision of cross-border payments with far-reaching implications not only for payments, but also for personal privacy,

regulatory arbitrage, the role of nonbanks, cross-border resolution, monetary-policy transmission, and financial stability.

- **GSE-101520:** Although direct mortgage discrimination based on race and ethnicity has abated in recent years, a new [study](#) from the Federal Reserve Bank of Boston shows a striking difference in prepayment rates due to refinancing-speed differences directly attributable to race and ethnicity after controlling for an array of well-accepted underwriting risks.
- **CRA30:** Following opposition to the OCC's CRA rewrite, the FRB has proposed an initial construct that takes some elements of the OCC's approach and adds further and in some cases different provisions to craft what the Fed hopes will become an inter-agency CRA construct in 2021.
- **BIGTECH:** Last week, the House Judiciary Antitrust Subcommittee released a lengthy, high-impact Democratic [report](#) calling for structural changes to the nation's biggest tech-platform companies.
- **GSE-100820:** As will soon be detailed in an our in-depth report, the Federal Reserve's long-awaited [CRA proposal](#) is a comprehensive rewrite that, while preliminary, would dramatically change large bank community-focused lending and investing.
- **CORPGOV31:** In this report, we analyze the strategic implications of enforcement actions against Citibank issued late yesterday by the [Fed](#) and [OCC](#).
- **CAPITAL226:** In conjunction with numerous changes to its supervisory stress test (CCAR) for the largest U.S. banking organizations in response to COVID, the Federal Reserve is seeking comment on structural changes to current capital-planning requirements.
- **GSE-100120:** A troubling new IMF staff paper looks at U.S. housing policy since COVID to uncover some worrisome aggregate and distributional effects.
- **CRYPTO15:** Continuing Acting Comptroller Brooks' efforts to enhance innovation at national banks and federal savings associations, the agency has now authorized these institutions to hold reserves associated with certain stablecoin offerings.
- **GSE-092820:** Following its [morning meeting](#), FSOC late Friday released the staff [statement](#) expressing its near-term decision on systemic risk in the secondary mortgage market.
- **AML132:** FinCEN is beginning a process that, while apparently not revising or eliminating any existing anti-money laundering (AML) requirements, would add an over-arching principle that AML programs be efficient, "reasonably-designed," and capable of providing high-quality information to law enforcement and other government entities.
- **COVID15:** HFSC's second CARES Act-required hearing with Treasury Secretary Mnuchin and FRB Chair Powell continued to stress the theme that has become apparent ever since negotiations on a Phase IV relief bill stalled: Democrats primarily want additional direct fiscal support and Republicans are pushing for adjustments to existing relief programs funded by unused 13(3) Treasury backstops.
- **GSE-092220:** As usual, FHFA's [new strategic plan](#) is more rhetorical than real. Still, it has a noteworthy emphasis on ending the conservatorship, promulgating new standards, and enhancing inclusion not just at the GSEs and within FHFA, but also in credit access.

- **[CRA29](#)**: Emphasizing its new focus on racial equity ahead of several Congressional hearings this week, the Federal Reserve Board today unanimously [approved a long-awaited ANPR](#) revising its CRA regulations.
- **[GSE-092120](#)**: Late last week, the [Federal Reserve Bank of New York](#) announced that the Fed bought almost \$56 billion in agency MBS over the past two weeks.
- **[GSE-091720](#)**: [As anticipated](#), today's marathon HFSC hearing with FHFA Director Calabria covered a wide-range of issues we will shortly analyze in detail due to the policy and strategic importance of several exchanges.