



FedFin Daily Briefing

Wednesday, January 13, 2021

OCC Advances Brooks Vision: Fiat Currency as a “Thing of the Past”

Continuing to establish his digital-finance legacy, Acting Comptroller Brooks’ agency today gave [conditional approval](#) for another innovative charter, this one styled as the nation’s first digital-asset banks via a new national trust bank charter. Anchorage Digital Bank is a conversion from a South Dakota-chartered trust company owned by Anchor Labs, a San Francisco based digital-currency enterprise claiming to have billions under management even though it has yet to earn a profit. The new trust bank will offer digital custody services for institutional and high net-worth individuals, using a national bank to house its reserves as allowed by prior OCC authorization ([see FSM Report CRYPTO15](#)). The payment services also authorized for this new bank track those just allowed by a new OCC interpretive letter ([see FSM Report CRYPTO17](#)). The entity will be small – initial capitalization of only \$7 million – and the bank’s board is to appeal to its parent, Anchor Labs, when more liquid assets or capital are required under a mandatory agreement with the parent company. The operating plan also stipulates actions to ensure legal severability of the trust bank from the parent company. In [media coverage](#) today, Acting Comptroller Brooks notes that this charter combines with other OCC actions so that “fiat will ultimately be a legacy thing of the past.” Given that several more crypto-charter applications are pending, Mr. Brooks may approve still more before he departs to advance this vision.

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 info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [GSE-011321](#): Setting Senate Banking’s [agenda yesterday](#), incoming Chairman Brown highlighted **refi** **inequality** **as** **a** **top** **committee** **priority**.
- [CRYPTO17](#): This interpretive letter (IL) follows an OCC advance notice of proposed rulemaking that suggested a notice-and-comment process before the agency made substantive changes to the digital-currency powers of federally-chartered banks.
- [AML133](#): In a cliff-hanger before the end of the 116th Congress, the National Defense Authorization Act was enacted into law with an array of provisions significantly revising U.S. anti-money laundering (AML) and countering the financing of terrorism (CFT) requirements.
- [ELECTION25](#): It will take considerable time for Congress to absorb the meaning of yesterday’s insurrection not only in institutional terms, but also and more immediately with regard to each Member’s thinking about his or her own policy and political agenda.
- [TMARKET](#): As we noted earlier ([see Client Report REFORM200](#)), we do not expect U.S. regulators to extend SLR relief ([see FSM Report LEVERAGE23](#)) after its scheduled March expiration.

- **[GSE-010421](#)**: It's not exactly news to suggest that the Biden Administration will take a more demanding view of the GSEs' affordable-housing obligations than the Trump Administration. What's more intriguing is how FHFA is setting the wheels in motion for new policy without anyone having to tell it to do so via an [advance notice of proposed rulemaking](#).
- **[DEPOSITINSURANCE111](#)**: Easing restrictions from a proposal already intended to facilitate additional funding from products then considered brokered deposits, the FDIC has finalized new rules creating a new brokered-deposit framework in which funding relationships long considered brokered deposits instead may be gathered without impediments even by under-capitalized insured depository institutions (IDIs).
- **[GSE-122820](#)**: As we [noted](#) last week, FHFA is barreling through the systemic rulebook, finalizing [capital rules](#), proposing [liquidity standards](#), and, now, laying out [living-will requirements](#) to ensure orderly GSE resolution under even acute stress.
- **[CRYPTO16](#)**: Late Wednesday, the President's Working Group on Financial Markets (PWG) issued yet another unprecedented U.S. policy statement, following one on MMF reform just the day before with a [statement](#) from Treasury, the FRB, SEC, and CFTC on U.S. stablecoin policy.
- **[MMF16](#)**: Late yesterday, the President's Working Group on Financial Markets (PWG) issued an unusual [report](#) signaling agreement by Treasury and the FRB, SEC, and CFTC on the urgent need for changes in the MMF sector to prevent systemic "dash-for-cash" events such as the most recent March crisis.
- **[GSE-122320](#)**: It's beginning to look a lot like a major policy theme: research continues to show that GSE mortgages cost Black and Hispanic borrowers considerably more than non-Hispanic whites, especially over the course of a loan, not just at origination.
- **[FEDERALRESERVE59](#)**: It's hard to envision a Federal Reserve still more central to every aspect of U.S. macroeconomic, financial, and fiscal policy, but that's what FedFin forecasts for 2021.
- **[ILC15](#)**: Setting the stage for new charters and legislative battles in 2021, the FDIC has finalized a controversial proposal addressing source-of-support and certain other obligations for the parent companies of some industrial banks and industrial loan companies (ILCs).
- **[GSE122120](#)**: As previously [noted](#), FHFA late last week issued a long-promised proposal implementing LCR- and NSFR-like – but not light – rules for Fannie Mae and Freddie Mac.
- **[CONSUMER36](#)**: On Monday, the Biden transition released a readout of a meeting between Treasury nominees Janet Yellen and Wally Adeyemo with various racial-equity associations, reinforcing the importance this issue will have in crafting financial regulation in the Biden Administration.
- **[GSE121720](#)**: FHFA's controversial [capital rule](#) is in today's *Federal Register*, setting an effective date of February 16.
- **[GSE-121620](#)**: Secretary Mnuchin's comments yesterday make it clear – at least mostly – that Fannie and Freddie will remain in conservatorship as the Biden Administration takes charge.
- **[REFORM200](#)**: In this report, we continue our 2021 forecasts, moving from our assessment of digital finance ([see Client Report DIGITAL6](#)) and asset-management regulation ([see Client Report](#)

[RECOURSE6](#)) to an assessment of the U.S. capital and liquidity framework for large banks and FBOs.

- **[RECOURSE6](#)**: In this report, we assess the regulatory consequences of one of the ironies of March's market turmoil: among the reasons it was not worse is because some large banks stepped in and backed customers or investors despite the lack of any legal obligation to do so.
- **[CHARTER28](#)**: Continuing Acting Comptroller Brooks' policy of considering [precedent-breaking applications](#) and [charters](#), the agency has received a controversial [application](#) from Figure to establish a national bank that, by virtue of this charter, would also be a Fed member.
- **[GSE-120720](#)**: The last Trump FSOC [annual report](#) reiterates 2019's [findings](#): nonbank originators and servicers are weak and interconnected, thus posing systemic risk.
- **[DIGITAL6](#)**: Even though 2020 was of course preoccupied by the pandemic, there was no scarcity of the oft-repeated nostrum that law and rule must define the future of digital finance.
- **[CHARTER27](#)**: In conjunction with a wide-open request for views on ways to increase the innovativeness of national banks and federal savings associations (FSAs), the OCC has finalized a significant rewrite of their more traditional powers and activities.