



FedFin Daily Briefing

Thursday, January 28, 2021

"Fair-Access" Rule Put in Deep Freeze

As anticipated, the OCC has put a hold on Brian Brooks' controversial "fair access" rule ([see FSM Report ESG3](#)). The rule has yet to be published in the *Federal Register* and pausing this will, the [announcement](#) says, give the next confirmed Comptroller an opportunity to reconsider it. We doubt any Biden appointee will allow the rule to become effective, as detailed in our report.

BIS Head: CBDC, Not Stablecoin, Meets the Need for Digital Currency

In [remarks today](#), BIS General Manager Agustín Carstens [renewed](#) his attack on bitcoin, arguing that central-bank payments systems can and will adapt to ensure sound digital currency in ways private providers simply cannot. Reiterating an array of bitcoin risks (e.g., speculative nature, risk of illicit transactions, energy consumption), the BIS head also challenged suggestions that stablecoins are better able to replace fiat digital currency by pointing to all the risks detailed in a recent FSB report ([see FSM Report CRYPTO14](#)). Instead, the best path is to account-based CBDC, an approach reflecting the legal-tender question addressed in a recent IMF [staff analysis](#). A [new BIS paper](#) finds that 86 percent of central banks are considering or experimenting with CBDC; as [previously noted](#), the Fed is considering CBDC but is no rush to begin meaningful work to create one. Mr. Carstens notes "FedAccounts" as one option also under consideration ([see FSM Report CBDC](#)) in the U.S., but states that a role for the private sector would need to be maintained in ways not contemplated in this Democratic initiative. We continue to expect Congress this year to press hard on quick Fed instant-payment implementation ([see FSM Report PAYMENT20](#)), holding hearings but not otherwise acting on "FedAccounts."

HUD Nominee: U.S. Needs Holistic Housing Policy

At her Senate Banking nomination hearing today, HUD Secretary-designate Fudge said in response to a question from Sen. Rounds (R-SD) that the U.S. needs a holistic housing-policy process combining FHA, FHFA, Treasury, and HUD. Still, Congress must make final decisions. Sen. Tester (D-MT) agreed that Congress needs to act, but observed that Congress is not "renowned for getting things done," asking Ms. Fudge to consider agency action to "break down the silos." Ms. Fudge promised, if confirmed, to work with Congress before making any changes to FHA premiums, noting that she still has yet to talk with HUD staff and determine their status.

[As anticipated](#), Ms. Fudge was pressed by Sen. Toomey (R-PA) on President Biden's order opposing HUD's fair-housing rule ([see FSM Report FAIRLEND8](#)). Ms. Fudge said the review will follow both law and rule, and HUD will consider advancing any proposed changes through the notice-and-comment process. Reviving a campaign proposal and [prior legislation](#), Sen. Warren (D-M) asked if federal support for downpayment assistance to previously red-lined communities could narrow the racial homeownership gap. Ms. Fudge said it would make a huge difference, citing downpayments as the biggest barrier to Black homeownership.

Ms. Fudge was also asked by several Republicans about her comments that they believed disparaging of Republicans; a final confirmation vote on Ms. Fudge's nomination will be considerably narrower than the 84-15 vote for Ms. Yellen's confirmation.

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](#).

- **[CAPITAL227](#)**: Although the FRB in its proposal indicated that this rulemaking would also begin consideration of the U.S. large-bank capital framework post-COVID, its final rule largely confines itself to aligning stress-test standards with the 2019 tailoring rule and stress capital buffer (SCB) for Category IV banking organizations.
- **[GSE-012221](#)**: The failure of yet another Administration and Congress to conquer the conservatorships does not augur well for constructive policy action anytime soon.
- **[INVESTOR14](#)**: In this report, we expand on prior forecasts to assess broad financial-regulatory and structure issues under the SEC's jurisdiction under what seems likely: a Chairman Gensler. His will be an activist SEC, one sure to throw broker-dealers, asset managers, and investment funds from the relative comfort of the last four years.
- **[GSE-012121](#)**: As forecast following a landmark CFTC-committee [report](#) and the Fed's financial-stability assessment, [FHFA has now](#) turned to the climate risk that worries them the most: residential real estate.
- **[GSE-011521](#)**: Last night, Treasury and FHFA [announced](#) an agreement on the GSEs' conservatorship unsatisfactory to all concerned and highly objectionable to many of those on the Hill with the power to change it.
- **[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.