



# *FedFin Daily Briefing*

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Thursday, February 4, 2021

## **SEC Kickstarts U.S. MMF-Reform Action**

As anticipated, the SEC is moving quickly to [advance the MMF reforms](#) demanded by the President's Working Group on Financial Markets late last year ([see Client Report MMF16](#)). Leaving maximum latitude for the chairman once confirmed, the agency now seeks comments on the PWG's options rather than on a specific proposal or proposals and gives commenters time (sixty days after *Register* publication). The agency has also given itself maximum flexibility, seeking only comments on the PWG report and the effectiveness of current rules rather than on a subset of the ten options the PWG specifically outlines as warranting additional action-focused consideration. These were striking in their scope, ranging from options to rewrite MMF liquidity standards to capital requirements and even to a new liquidity-backstop bank. Comments are also sought on other short-term instruments (presumably meaning mutual funds) and on the short-term funding market itself. The SEC does not now even commit itself to action after receiving what will surely be many comments, saying that its next steps will be "discussions" with stakeholders. Still, with this process, the new chairman will be fully armed and, in consultation with FSOC, able rapidly to meet the PWG's over-arching goal of structural MMF change even as global MMF-reform work continues ([see Client Report NBF1](#)).

## **Acting CFPB Head Targets QM, Mortgage Servicing, Disclosures as Top Reg Priorities**

Following his [blog post last week](#) laying out supervisory, enforcement, and fair-lending priorities, CFPB Acting Director Uejio [today](#) detailed his regulatory and research priorities, making it still clearer that racial equity will guide a raft of new rules once a confirmed Bureau director is on the job. To speed this, Mr. Uejio directed the Bureau to begin the work necessary for possible rules to reverse recent rulemakings on the QM ([see FSM Report MORTGAGE116](#)) and to issue standards on mortgage servicing to ensure borrower protection when forbearance ends. HMDA quarterly reporting and CARD Act data collection will begin again, and the Bureau will implement mandated small business lending data collection without delay.

Acting Director Uejio has also reoriented the Bureau's research agenda, directing it to analyze the most pressing consumer finance barriers to racial equity so these can be reduced, with the Bureau now also detailing the racial-equity impact of each policy action. The CFPB will also conduct an analysis of housing insecurity, assessing mortgage foreclosures, mobile home repossessions, and landlord-tenant evictions.

## **Recent Files Available for Downloading**

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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](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [REALESTATE24](#): Continuing the OCC's recent actions to expand national-bank powers into unprecedented arenas, the OCC has now proposed major liberalization of the ways in which federally-chartered organizations may use commercial real estate owned as bank premises.

- **[GSE-020121](#)**: While it will take time for the swamped Biden Administration to craft U.S. housing policy, elements of it emerged last week during stimulus negotiations, the [President's statement](#), and [HUD-nominee Fudge's appearance](#) before Senate Banking.
- **[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 116<sup>th</sup> 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.