



FedFin Daily Briefing

Friday, February 5, 2021

FRB-NY: How to Build a Better Main Street Lending Program

The New York Fed's blog today includes [a post](#) assessing the now-shuttered Main Street Lending program (MSLP), concluding that it was a success as evidenced by accelerating demand and a prudent risk-sharing, collaboratively-designed construct. Describing MSLP as the only Fed program not focused on Wall Street, the post does note that the average loan was \$9.1 million, confirming that it generally served mid-sized businesses, not small business. Most loans refinanced outstanding credit rather than providing the new financing key to firm growth. The post also notes program features that impeded growth to guide future facility development, citing loss-sharing uncertainties, the program's low-risk tolerance, and salary/dividend restrictions that curbed borrower demand.

Call Reports to Change re Brokered Deposits

The FRB, FDIC, and OCC [today](#) proposed to revise the Call Report to exclude sweep deposits and certain other deposits from being reported as brokered deposits as directed by the final rules on the NSFR ([see FSM Report LIQUIDITY32](#)) and Brokered Deposit and Interest Rate Restrictions ([see FSM Report DEPOSITINSURANCE111](#)). As noted in our in-depth report, the exclusion of sweep deposits from the brokered definition makes them attractive for liquidity-regulatory purposes, although FDIC Director Gruenberg strongly objected to this change. Proposed revisions would also update Call Report instructions addressing brokered deposits to align them with the Brokered Deposits rule. Changes would be effective as of the June 30 report. Comment is due April 6.

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](#).

- [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 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.