



# FedFin Weekly Alert

Monday, August 9, 2021

## ❑ BIG DEALS, BIG CONTROVERSY

When the Senate Banking Committee called in the banking agency heads minus the Fed's earlier this week ([see Client Report REFORM207](#)), Acting Comptroller Hsu made it clear that he plans a tough look at any non-traditional charter within his ambit. In sharp contrast, FDIC Chair McWilliams refused to comment on her agency's chartering decisions even though she took heavy fire from Democrats on recent FDIC standards ([see FSM Report ILC15](#)). All this comes as the Biden Administration is pressuring the banking agencies to prevent consolidation to improve competition ([see Client Report MERGER6](#)), and Sen. Warren (D-MA) plans another assault on big-bank M&A.

All this also plays into the battle waging over who is next to head the Fed. Chairman Powell has [said only](#) that he views bank M&A in the context of current law; Gov. Brainard – his most likely replacement if President Biden wants another chair – has opposed even regional-bank M&A due to fears of reduced competition. Those with eyes on M&A are pushing for transactions in hopes they can close by September even as those with preliminary OCC approval for crypto charters argue that the OCC is now bound to honor them. Decisions will be made no matter the August calm and FedFin reports will follow accordingly.

## Headlines From the Past Week's Daily Briefings

### [August 2](#)

- **Brainard Differs with Powell on CCyB, CBDC** - Although a formal record was not kept, press reports indicate that FRB Gov. Brainard pointedly disagreed with Chairman Powell on recent FRB regulatory policy.
- **BIS Reiterates: BigTech Requires Entity-Based Rules** - A BIS Bulletin reinforced General Manager Carstens' statement that that bigtech warrants entity-based regulation.
- **FRB-NY: The Distributional Impact of Loan Forbearance** - The Federal Reserve Bank of New York's blog includes a post showing that forbearance relief was greatest for auto and credit-card loans versus mortgages and rent.

---

Federal Financial Analytics, Inc.  
2101 L Street, N.W. – Suite 300, Washington, D.C. 20037  
Phone (202) 589-0880  
E-mail: [info@fedfin.com](mailto:info@fedfin.com) [www.fedfin.com](http://www.fedfin.com)

© 2021. Federal Financial Analytics, Inc. All rights reserved.

### August 3

- **Comment Deadline Extended on Funds-Transfer Proposal** - The FRB extended the comment deadline on its proposed changes to when banks will be required to provide instant funds availability once FedNow is implemented.
- **Senate Dems Press Treasury for Faster Action on Financial Sector Climate Risk** - Taking on a Biden appointee progressives feared might not be sufficiently diligent containing climate risk, Sens. Warren (D-MA), Gillibrand (D-NY), and Van Hollen (D-MA) asked Treasury Climate Counselor John Morton for details on how Treasury will implement President Biden's recent climate order.
- **Gensler Lays Out Multi-Front Assault on Cryptoassets** - Following a scathing statement that cryptoassets are rife with fraud, scams, and abuse in certain applications, SEC Chairman Gensler confirmed our forecast that his knowledge of this sector would lead to a particularly stringent approach to both regulation and enforcement.

### August 4

- **FHA Chief Nomination Endangered** - Ahead of hearing for two key HUD nominees, Senate Banking Republicans urged President Biden to withdraw the nominations of Julia Gordon to be FHA Commissioner and Solomon George to be Assistant Secretary for Policy Development and Research.
- **Fed Study: Market Stability Needs Either Huge Fed or Standing Repo Facility** - An influential new Federal Reserve staff report concludes that post-crisis liquidity rules and Fed balance-sheet normalization contributed to the 2019 repo crisis.

### August 5

- **Waller Aligns with FRB Opponents to CBDC** - Widening the Fed's divide on CBDC, Gov. Chris Waller joined Vice Chairman Quarles in describing CBDC as a "solution in search of a problem."
- **OCC Clears Path for New True-Lender Rule** - Following Congressional revocation of the OCC's controversial True-Lender rule, the *Federal Register* includes the rule's official rescission without insights into when or how the agency now plans to act.
- **CPMI Releases Ambitious, Albeit Ambiguous Work Plan** - In a nod to increased transparency, the BIS's Committee on Payments and Market Infrastructure (CPMI) released its first annual work plan.
- **First-Time OCC Bulletin Adds Supervisory Standards for SBA Exposures** - The OCC issued its first examination bulletin on SBA lending, making it clear that — no matter the SBA's guarantee — national banks are to apply their risk-management and corporate-governance protocols to activities in this arena.

### August 6

- **Waters Demands Enforcement Vigilance Before Servicing Regs Take Effect** - In a letter to the heads of federal and state bank regulators along with the CFPB, HFSC

Chairwoman Waters (D-CA) focused on this month's gap in borrower foreclosure protection.

- **SEC DeFi Action Follows Chairman's Enforcement Promise** - Just days after Senate Banking Chairman Brown (D-OH) lambasted DeFi as a "scheme," the SEC filed its first charges in a DeFi related case.

---

### This Week

---

No meetings of note.

---

### 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](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](#).

- **[GSE-080421](#)**: A new [Fed study](#) finds a significant mark-up in the cost of mortgages during the 2020 boom even though government guarantees secured continued mortgage supply for all but the lowest and highest ends of the housing market.
- **[REFORM207](#)**: Today's Senate Banking hearing on bank supervision did not include FRB Vice Chairman Quarles, who came before the panel for withering criticism earlier this year (see Client Report REFORM206).
- **[GSE-080221](#)**: Whatever befalls the Senate infrastructure bill, we believe its \$21 billion GSE pay-for is but one bit of a bigger de facto transformation of the GSEs.
- **[GSE-073021](#)**: As promised, we here [follow up our assessment](#) of Ginnie's proposed prudential standards for nonbank mortgage companies with an analysis of model rules aimed at the same goal from the Conference of State Bank Supervisors (CSBS).
- **[PREEMPT37](#)**: Senate Banking today held a hearing on new legislation (S. 2508) from Sen. Reed (D-RI) extending the Military Lending Act (MLA) interest-rate cap to certain consumer financial products to all consumers.
- **[GSE-072821](#)**: Ginnie's proposed new capital and, to a lesser extent, its liquidity [standards](#) could well redefine the mortgage playing field.
- **[CBDC7](#)**: Today's HFSC National Security Subcommittee hearing on CBDC featured bipartisan concern over China's threat to U.S. Dollar supremacy and the effectiveness of U.S. sanctions without a U.S. CBDC.
- **[ACCESS2](#)**: At a very well-attended HFSC Consumer Protection Subcommittee hearing, Democrats strongly supported government-led solutions to increase financial inclusion.
- **[VENDOR9](#)**: The banking agencies have proposed sweeping standards that would hold all of the banking organizations they govern responsible for the safety and soundness, consumer compliance, and perhaps even diversity of a wide range of third-party business arrangements.