



# *FedFin Daily Briefing*

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Tuesday, August 3, 2021

## Comment Deadline Extended on Funds-Transfer Proposal

The FRB [today](#) extended the comment deadline on its proposed changes to when banks will be required to provide instant funds availability once FedNow ([see FSM Report PAYMENT20](#)) is implemented. Comment is now due September 9, providing interested parties with an additional thirty days to consider this complex payment-system question as well as how the rulemaking may [create conflicts between state and federal law](#).

## 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) late [yesterday](#) asked Treasury Climate Counselor John Morton for details on how Treasury will implement President Biden's recent climate order ([see FSM Report GREEN8](#)). Urging swift and aggressive action, the senators say Treasury has yet to report the details the senators seek on its steps to support the administration's whole-of-government approach, demanding to know how and when FSOC will work with financial regulators to implement strong guidelines ensuring that financial institutions are adequately prepared for climate-related disruptions. Doubtless pressuring Treasury to issue more stringent requests and/or directives to push agencies moving more slowly than the senators think wise, they also inquire about any guidance already sent or planned for the financial sector on assessing environmental risk and any impediments Treasury has encountered so far. A response is requested by August 16.

## 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 [today](#) confirmed our forecast ([see Client Report INVESTOR14](#)) that his knowledge of this sector would lead to a particularly stringent approach to both regulation and enforcement. Anticipating the [interagency stablecoin review](#), the chairman said stablecoins may qualify as both securities and investment companies. If so, then the SEC will apply its full suite of investor protections and other federal securities laws. For the first time, Chair Gensler also addressed cryptoassets that function as derivatives, making clear that these too are subject to securities laws. Although his focus was principally on securities law, he also noted that both commodities and banking laws may also apply to crypto finance platforms where people can trade and/or lend tokens. The Commission specifically plans now to continue its pursuit of token-related cases involving fraud or other significant harms to investors while also assessing comments on crypto custody arrangements by broker-dealers and investment advisors. Mr. Gensler also urges Congress to provide the SEC with additional authorities and resources to allow it to act on transactions, products, and platforms now "falling between regulatory cracks."

## 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](#).

- **[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 ...
- **[GSE-071621](#)**: Later today, we'll provide clients with a summary of key provisions in the [housing-infrastructure package](#) released earlier today by HFSC Chairwoman Waters.
- **[FEDERALRESERVE63](#)**: Signaling a tough challenge for a second Powell term, Senate Banking Chairman Brown (D-OH) today said, "It's time to try something different," also joining Sen. Warren (D-MA) lambasting Mr. Powell's role in what they characterize as risky big-bank regulatory relief.
- **[FEDERALRESERVE62](#)**: Although much of today's HFSC hearing with Chairman Powell was preoccupied by hot debate over the extent to which inflation is "transitory," key financial-policy questions also surfaced for substantive discussion.
- **[GSE-071221](#)**: On Friday, former FHFA Director Calabria [suggested](#) that the Administration's [new competition policy](#) powers up his proposal for authorizing multiple GSE charters just as a bank charter is granted to all qualified comers.
- **[MERGER6](#)**: In an [executive order \(EO\)](#) that truly deserves to be called "sweeping," President Biden today announced a "whole-of-government" initiative aimed at reducing market concentration, enhancing consumer choice, reducing prices, and enhancing economic equality.
- **[GSE-070821](#)**: Our recent in-depth analysis details the range of options proposed by the Financial

Stability Board for MMF reform. Here, we assess what this means for Fannie, Freddie, and the FHLBs.

- [GSIB20](#): The House Financial Services Committee has approved legislation introduced by a progressive Democrat, Rep. Ayanna Pressley (D-MA), requiring GSIBs to disclose many quantitative and qualitative matters.
- [MMF17](#): As promised late last year when it addressed nonbank financial intermediation (NBF), the Financial Stability Board is seeking comment on ways to reduce the risk that money-market funds (MMFs) succumb to runs under stress or, as occurred in both 2008 and 2020, require taxpayer backstops.
- [GSE-070121](#): Continuing to act with awesome dispatch on its new director's racial-equity and economic-equality agenda, [FHFA today](#) issued a final policy statement setting new anti-discrimination standards for Fannie, Freddie, and the FHLBs.