



# FedFin Daily Briefing

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Friday, September 3, 2021

## Treasury Emphasizes Global Climate Action, Ducking Demands for Stress Tests, Disclosures

While endorsing bold climate action, Treasury today released a non-committal letter leading to what might be at best [faint praise](#) from Sen. Warren (D-MA). The answer from a lower-level Treasury official came in response to a request from Sens. Warren, Van Hollen (D-MD) and Gillibrand (D-NY) questioning the commitment of one key Treasury staff official and pressing for tough action. In her response, Sen. Warren reiterates the need now for climate-risk stress testing, citing legislation in this area ([see FSM Report GREEN9](#)), but Treasury now says only that it is working to address the President's EO ([see FSM Report GREEN8](#)), providing no concrete update or timeline on any work regarding climate disclosures or stress testing. With work [also underway](#) on climate disclosures at the SEC, the letter does indicate Treasury's focus on disclosures but again provides neither detail nor timeline.

The letter also [notes that](#) Treasury has directed MDBs to develop a plan to catalyze private climate finance by October. Also by October, the G20 Sustainable Finance Working Group (SFWG) will provide the G20 finance ministers and central bank governors with both a sustainable finance roadmap and a report providing recommendations, principles, and best practices aligning investments with sustainability goals and improving sustainability information. The letter commits to timely action under the executive order, with FSOC set to consider work under way at a closed meeting on Thursday.

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### 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](#).

- [GSE-090121](#): A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- [OVERDRAFT10](#): Senior Senate Democrats have proposed legislation that would sharply restrict most transaction-account overdraft fees to the point of likely eliminating them for most consumers at most depository institutions.
- [GREEN10](#): House Democrats are considering legislation to mandate a punitive capital construct for bank and, in some cases, also to certain nonbank exposures to companies with fossil-fuel links.
- [GREEN9](#): Legislation from House and Senate Democrats would force the Federal Reserve quickly to implement mandatory stress testing for all large banking organizations and large nonbanks judged by asset size if they are principally engaged in finance.
- [GSE-090121](#): A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- [GSE-082321](#): In this in-depth report, we build on our [preliminary analysis](#) of the CFPB's latest HMDA-data assessment. As we noted on Thursday, the agency chose to highlight its totally-unsurprising finding that the mortgage market was hot, hot, hot in 2020.
- [ACCESS3](#): Although states and localities continue to ban merchants from refusing to accept cash,

federal legislation is also pending to create a nationwide ban on such practices and govern how cash must be accepted to enhance equality without facilitating money laundering.

- [GSE-081821](#): As we anticipated when Sandra Thompson [took over](#), FHFA's [newly-proposed approach](#) to the GSEs' affordable-housing goals tackles longstanding criticism that the old measurement criteria promoted gentrification.
- [PREEMPT38](#): The chairmen of the Senate Armed Services and Banking Committees, together with many Democratic colleagues, have introduced legislation to extend the interest-rate ceilings in the Military Lending Act (MLA) to all consumers.
- [GSE-081321](#): FHFA today [released](#) both the 2020 and 2021 stress-test results for Fannie and Freddie.
- [GSE-081121](#): As we briefly noted [yesterday](#), the CFPB released a [report](#) assessing how the largest servicers handled borrowers over recent, chaotic months.
- [LIBOR6](#): The House Financial Services Committee has reported H.R. 4616, a bill designed to prevent the chaos feared when the use of the LIBOR benchmark ceases for legacy contracts that lack language authorizing reliance on an alternative, "fallback" rate.
- [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.