



# *FedFin Daily Briefing*

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Thursday, September 9, 2021

## Gensler Highlights Fair Pricing in Anti-Gamification Push

After issuing a digital-engagement practices RFI late [last month](#), SEC Chairman Gensler [today expanded](#) his concerns to include ensuring fair pricing and eliminating what he called historical biases as he pursues an array of anti-gamification reforms. While acknowledging fintech's inclusion benefits, Mr. Gensler stated that digital platforms may encourage investors to change their investment strategy or increase trading frequency with conflicts of interest possible when platforms optimize revenue, data collection, or investor behavior. Mr. Gensler [last week](#) featured this new RFI in a speech to EU legislators, marking this as a clear priority. Comments on the RFI are due October 1.

## HFSC Prepares Housing Infrastructure Push

HFSC majority staff today released the [staff memo](#) detailing the \$327 billion package to be marked up on September 13 as part of the omnibus reconciliation bill. As anticipated, the package is almost exclusively housing focused, reflecting Chairwoman Waters' (D-CA) belief that she has a [commitment](#) from the Biden Administration to address housing infrastructure in the overall spending packages. The most significant provision of client note is creation of a \$10 billion "first-generation downpayment assistance" program providing first-time, first-generation homebuyers with up to 10 percent of a home's purchase price which may be used for downpayments, closing costs, or reduced interest rates. However, eligible buyers would also need to obtain housing counselling with these agencies receiving \$500 million to help them provide it. The bill also includes over \$500 million to subsidize 20-year mortgages for first-generation buyers designed to increase wealth accumulation; how this sum would compensate whom for creating these mortgages and how much of a difference they might make remains to be seen. The bill also authorizes \$250 million for strengthened state and local fair-housing enforcement. The fate of these provisions depends on a complex web of negotiations over major controversies in the reconciliation package as a whole in both the House and Senate and how this bill then fits into the infrastructure package also sought by Democrats and the White House.

## FSOC Considers Risks It Dare Not Name

Although Members of Congress have long called for greater FSOC transparency, the Financial Stability Council again met today in a closed session. The subsequent [readout](#) is as uninformative as usual, signaling only Treasury's worries about the systemic impact of a failure to raise the debt ceiling and work under way to provide the President with the climate-risk report he recently ordered ([see FSM Report GREEN8](#)). The only point of interest is an indication also that New York Fed staff briefed the Council on potential risks in the commercial real estate sector, with the readout offering no mention of work also said to be under way on matters such as [stablecoins](#) and [MMFs](#).

## 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-090821](#): As Karen Petrou's [Monday memo](#) forecast, FHFA is doubling down on an already-

ambitious work plan to make Fannie and Freddie the epitome of mortgage-finance equity.

- **SBA40**: Turning again to a provision in the 2010 Dodd-Frank Act, the Bureau of Consumer Financial Protection has issued a sweeping proposal to implement small-business and small-farm lending disclosure requirements akin to those long required under the Home Mortgage Disclosure Act (HMDA).
- **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.